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International Court of Justice

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Official transcript of the International Military Tribunal in the Matter of the United States of America, the French Republic, the United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics against Hermann Wilhelm Goering, et al, Defendants, sitting at Nurnberg, Germany, on 3 May 1946, 1000-1300 hours, Lord Justice Lawrence presiding.

THE PRESIDENT: The Tribunal will sit in open session tomorrow at ten o'clock and will adjourn into closed session at twelve noon.

Mr. Justice Jackson and defendant Schacht: it is desired, on behalf of the interpreters, that you should pause, if possible, after the question has been put to you, and if you find it necessary, owing to the condition of the documents with which you are dealing, to read in English or speak in English, to give an adequate pause so that those interpreters who are interpreting from English into other languages can take over the interpretation. Is that clear?

MR. JUSTICE JACKSON: I owe an apology constantly to the interpreters. It is hard to overcome the habit of a lifetime.

THE PRESIDENT: It is very difficult.

BY MR. JUSTICE JACKSON:

Q Dr. Schacht, -- by the way, the photograph number ten which was shown you yesterday, that was one of the occasions on which you wore the Party badge which you referred to, was it not?

A That may be.

Q You are quite sure of that, are you not?

A I can not distinguish it clearly, but it may be, and that would prove that the picture was taken after 1937, after January 1937.

Q That is what I wanted to prove. And as a matter of fact, it was taken after 1941, wasn't it?

A I beg your pardon?

Q As a matter of fact, Bormann didn't come to any important official position until after 1941, did he?

A Bormann? -- that I don't know.

Q Now, if we will return to the Four-YearPlan which began in 1936, as I understand it you opposed the appointment of Goering to have charge of the Four-Year Plan on two grounds: First, you thought that that new plan might interfere with your functions and secondly, if there were to be a Four-Year plan you did not think Goering was fit to administer it?

A I do not know what you mean by "opposed to". I was not satisfied with it, and I considered the person of Goering not the right one to have a leading position in economics.

Q As a matter of fact you described Goering as a fool in economics, have you not?

A Yes, such as one would mention it in an animated conversation.

Q Or an interrogation?

A Also interrogations are sometimes animated.

Q Now, very soon Goering did begin to interfere with your functions, did he not?

A He tried it repeatedly, I believe.

Q And he got away with it too, didn't he?

A I don't understand what you mean by that, "he got away".

Q Of course, American slang is difficult, I admit. It means he succeeded.

A In July 1937 he put me flat against the wall.

Q That started over a proposal that he made or a measure that he took with reference to mining?

A Yes.

Q He also made a speech to some industrialists, didn't he?

A I assume that he made several speeches to industrialists. I do not know which one you refer to, I assume you mean a speech in December 1936.

Q I am referring to the speech in which you said to us in interrogation that Goering had assembled industrialists and said a lot of foolish things about the economy, which you had to refute.

A Yes, yes, that was the meeting of the 17th of December 1936.

Q And then you wrote to Goering complaining about the mining measures?

A I assume that you mean the letter of the 5th of August?



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Q Right. That document is EC-497 USA-775. And in that letter of August 1937 you said this, if I quote you correctly:

"In the meantime I h ave repeatedly stressed the need of increased exports and have worked to bring it about. The very necessity of bringing our armament up to a certain level as rapidly as possible must place in the foreground the idea of as large returns as possible in foreign exchange and therewith the greatest possible assurance of raw material supplies." Correct?

A Yes, yes.

Q And you also said this, I believe:

"This view of the economic situation which I have explained above I have held from the first moment of my collaboration."

That was also true, was it not?

A Yes, certainly.

Q Now, both of those things were true, were they not?

A Yes.

Q And then you concluded addressing Goering.

"I asked you to believe me, my dear Prime Minister, that it is not my intention at all to wish to impede your policies in any way whatsoever. I offer no opinion, either, whether my views, which deviate from your economic policy, are correct or not. I have full sympathy for your activities. I do believe, however, that in a totalitarian state it is wholly impossible to conduct an economic policy divided against itself."

And that was also true, was it not?

A Yes.

Q And that was the basis on which you and Goering disagreed so far as policy was concerned?

A So far was what was concerned?--policy?--what do you mean, the manner in which business was conducted aside from other differences which we had?

Q Yes. Now, these other differences were personal differences. You and Goering didn't get along well together?

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A Just on the contrary. Until then we were very friendly to each other.

Q Oh, were you?

A Oh, yes.

Q So the beginning of your differences with Goering was over the struggle as to which of you would dominate the preparations for war?

A No.

Q Well--

A I have to protest against that. The differences--

Q Do you want to say anything more about it?

A The differences which led to my resignation were about the fact that Goering wanted me to assume command over economic policies and I should have the responsibility therefore, and I was of the opinion that he who assumes responsibility should also have command; and if one has command then he also has to assume the responsibility. That is the formal reason why I asked for my dismissal.

Q Well now, I turn to your interrogation of the 16th of October, 1945, United States Exhibit 636, and ask if you did not give the following testimony:

"By Schacht:

"After Goering had taken over the Four Year Plan, and I must say after he had taken over the control of foreign exchange since April, 1936, but still more after the Four Year Plan, September 1936, he has always tried to get control of the whole economic policy. One of the objects, of course, was that as Plenipotentiary for War Economy in case of war, and he being only too anxious to get everything into his hands, he tried to get that away from me. Certainly as long as I had the position of Minister of Economics I have certainly objected to that."

You made that statement?

A I believe that is correct.

Q And then you describe your last visit with him after Luther, for two months, had endeavored to unite Goering and yourself.

A That is a mistake; that is Hitler, and not Luther.

Q Very well.

You described it as follows:

"Then I had a last talk with Goering, and at the end of that talk Goering said, 'But I must have the right to give orders to you.' Then I said, 'Not to me, but to my successor.' I have never taken orders from Goering, and I would never had done it because he was a fool in economics and I knew something about it, at least.

"Question: Well, I gather that was aculminating, progressive, personal business between you and Goering. That seems perfectly obvious.

"Answer: Certainly."

Is that correct?

A Yes, certainly.

Q And then the interrogator went on:

"Let's go into the duties of that job for a moment and see what he was trying to take away from you. There are only two possibilities, as it has been explained to me; if I am wrong, correct me. One would be the preparation for a mobilization, and the other would be the actual taking charge of this in the event of war. Otherwise, the post had no meaning. So the things you resisted his taking away from you, as I see it, was the right to be in charge of the



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preparation for mobilization, and secondly, the right to control in the event of war.

"Answer: Correct."

Did you give that testimony?

A Please, Mr. Justice, you are mixing together various things so far as time is concerned. The differences with Goering about this so-called Plenipotentiary for War Economy occurred in the winter 1936-1937; and the so-called last conversation with Goering which you have just mentioned took place in November 1937. I stated, I bel ieve in January 1937, that I was quite prepared to turn over the office and the activity as Plenipotentiary for War Economy to Goering. That can be found in the notes of the Jodl Diary, which have been frequently mentioned here.

At that time the War Ministry, the Blomberg in particular, asked to keep me in the position as Plenipotentiary for War Economy, since I was the Minister of Economy, and as long as I was the Minister of Economy. You can find the correspondence about that, which I think has already been submitted by you to the Tribunal.

Q Well, all right; I think the dates appear in your testimony. I am not concerned at the moment with the sequence of events, I am concerned with the functions that you were quarreling over, and which you described in your interrogations. And the questions and answers which I read to you are correct; those are the answers you made, are they not?

A Yes, but I have to say the following. If you ask me about these different phases, it will give an entirely different picture if you don't separate the different periods. You cannot take events of January and of November and put them together and then ask me if that is correct. That is not correct.

Q Well, let's get what is wrong about this, if anything.

When was your last conversation with Goering in which you told him he would give orders to your successor but not to you?

A November 1937.

Q Now, the question as to the duties of the job has nothing to do with relation to time, has it? That is, the Plenipotentiary for War, the disagreement



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between you and Goering. In order to make it perfectly clear, I will read this question and answer to you again, and I am not concerned with time, I am concerned with your description of the job.

"Question: Let's go into the duties of that job for a moment and see what he was trying to take away from you. Now, there are only two possibilities, as it has been explained to me. If I am wrong, correct me. One would be the preparation for a mobilization, and the other would be the actual taking charge of this in the event of war. Otherwise, the post had no meaning. So the things you resisted his taking away from you, as I see it, was the right to be in charge of the preparation for mobilization,

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and secondly, the right to control in the event of war."

And you answered, "correct", did you not?

A This difference--

Q Can you answer me first as to whether you did give that answer to that question that it was correct?

A Yes, the minutes are correct.

Q All right.

A But now please let me finish.

Q All right, go ahead with your explanation.

A Yes. Now I wish to say that that difference between Goering and myself had absolutely nothing to do with the conversation of November, and that it was not exactly a difference of opinion between Goering and myself.

That difference of opinion of which you read occurred in January of 1937, and it was not really a difference of opinion between Goering and myself, because I said right away, " You take over that office as Plenipotentiary for War Economy from me and turn it over to Goering." The War Ministry, von Blomberg, protested against this, not I, I was happy to turn over that office to Goering.

Q Is there anything in writing about that, Dr. Sschacht?

A Your documents which you have submitted here. I would like to ask my counsel to look for these documents and to present them during the re-examination. They have been submitted by the prosecution.

Q Now, isn't it a fact that your controversy with Goering was a controversy of a personal character between you and him for control, and not a controversy as to the question of armament? You both wanted to rearm as rapidly as possible.

A That play with words as to whether it was personal or anything else, that I should not like to continue. I had had differences of opinion with Goering of factual nature. Now if you say whether it was armament, speed, or expense, I had great difficulties with Goering as far as opinions were concerned. I have never disputed that I wanted to rearm in order to gain equality for Germany, never. I wanted to rearm, Goering intended

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to go further, and here is one difference which cannot be overlooked.

Q Now I don't want to play upon words, and if you say my reference to it as a personal is a play upon words, you force me to go into what you told us about Goering.

Is it not a fact that you told Major Tilley this?

"Hitler I called an amoral type, but Goering I can only regard as immoral and criminal. By nature endowed with a certain bonhomie which he managed to exploit for his popularity,he was the most egocentric being imaginable. The assumption of political power was for him only a means for personal enrichment and personal good living. The success of others filled him with envy. His greed knew no bounds. His predilection for jewels, gold and finery was unimaginable. He knew no comradeship. Only so long as someone was useful to him was he friends with him, but only on the surface.

"Goering's knowledge in all fields equalled zero, especially in the economic field. Of all the economic matters which Hitler entrusted to him in the autumn of 1936 he had not the faintest notion, though he created an immense official apparatus and misused his powers as lord of all economy most outrageously. In his personal appearance he was so theatrical that you could only compare him with Nero. A lady who had tea with his second wife reported that he appeared at this tea in a sort of Roman toga and sandal studded with jewels, his fingers bedecked with innumerable jeweled rings and generally covered with ornaments, his face painted and his lips rouged."

Did you give that statement to Major Tilley?

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A Yes.

Q And you say you had no personal differences with Goering?

A Mr. Justice, You ought not to confuse the different periods of time. I found out about these things later and not at the time of which you speak. That is the year 1936.

Q Do you dispute the testimony of Gisevius that in 1935 he told you about Goering's complicity in the whole Gestapo set-up?

A I have testified here that I knew about the Gestapo system which Goering had installed. I said that I tried to intervene against it. I do not dispute that.

Q But your friendship continued, despite that knowledge.

A I have never entertained friendship with Goering.

Q Well --

A I cannot -- it is quite impossible for me to refuse to work with him, especially as long as I do not know exactly what kind of a man he is.

Q All right. Let's take up foreign relations, about which you have made a good deal of complaint here. I think you have testified that in 1937 when you were doing all of this rearming you did not envisage any kind of a war, is that right?

A That is not correct, what you just said, Mr. Justice. In 1937 I did not do everything to rearm, but from, the fall of 1935, on, I did everything to put the brakes on armament.

Q I refer you to your interrogation of the 16th of October, 1945, and ask whether you gave these answers to these questions:

Q "Let meask you, then, in 1937, what kind of war did you envisage?

A "Never. We might have been attacked, invaded by somebody, but even that I had not expected.

Q "You had not expected. Did you expect a possibility of a mobilization and concentration of economic forces in the event of war?

A "In the event of an attack against Germany, certainly.

Q "Now, putting your mind back to 1937, are you able to say what sort of an attack you were concerned with?

A "I don't know sir.

Q "Did you have thoughts on that at the time?

A "No, never.

Q "Did you then consider that the contingency of war in 1937 was so remote as

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to be negligible?

A "Yes.

Q "You did?

A "Yes, I have never thought of a conflict with Russia.

Did you give those answers?

A Exactly the same that you find in this interrogation, I have said here before this Tribunal.

Q Now, you testified that you tried to divert Hitler's plan which was to move and expand to the East -- you tried to divert his attention to colonies instead.

A Yes.

Q What colonies? You have never specified.

A Our colonies.

Q And where were they located?

A I assume that you know that exactly as well as I do.

Q I want to know what you were telling Hitler, not what I know.

A Oh, what I told Hitler? I told Hitler we should try to get back a part of the colonies which belonged to us and the administration of which was taken away from us, so that we could work there.

Q What colonies?

A I was thinking especially of the African colonies.

Q And those African colonies you would regard as essential to your plan for the future of Germany?

A Not those, but generally, colonial activity; and of course, first I limited my requests for colonies; I could only limit my request for colonies to our prope

Q And your property, as you call it, was the African colonies.

A Not I personally called them that. That is what the Treaty of Versailles calls them.

Q Anyway you wish it, you wanted the colonies you are talking about.

A Yes.

Q You considered that the possession and exploitation of colonies was necessa for the sort of Germany you had in mind creating.

A If you would like to replace the word "exploitation" by "development" I believe there will be no misunderstanding, and so far I agree with you.

Q Well, by "development" you mean trading, and I suppose you expected to make a profit out of trade.

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A No, not only trade but developing the natural resources, that is to say, the natural existing economic possibilities of the colonies, to have those developed.

Q And it was your proposal that Germany should become reliant on those colon colonies instead of relying on expansion to the East.

A Every move of expansion within the European continent was viewed by me as complete nonsense.

Q But you agreed with Hitler that expansion, either colonial or to the East, was a necessary condition of the kind of Germany you wanted to create.

A No, that I have never said, I told him it was insanity to undertake anything toward the East; only colonial development was the solution.

Q And you proposed as a matter of policy that Germany's development should depend on colonies, as to which there was no overland trade route with Germany and which you knew would require naval power to protect?

A I don't think that -- how do you get that idea?

Q You don't get to Africa overland; you have to go by water at some point.

A You can go by air.

Q You were thinking only of air developments?

A No, no. I think of ships also.

Q Yes. And Germany was not then a naval power.

A I believe we had a merchant marine which was quite considerable.

Q Did your colonial plan involve rearmament by way of making Germany a naval power to protect the trade routes to the colonies you were proposing?

A Not in the least.

Q Then your plan was to leave the trade route unprotected?

A Oh, no. I believed that international law would be sufficient protection.

Q Well, that is what you disagreed with Hitler about.

A About that we never spoke.

Q Well, in any event he rejected your plan for colonial

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developments.

A Oh, no. I have explained here that he gave me the order in summer, 1936, upon my request to take up these colonial matters.

Q Did you not give these answers in your interrogation, Dr. Schacht?

"Question: In other words, at the time of your talks with Hitler, in 1931 and 1932, concerning colonial policy, youdid not find him, shall we say, enthusiastic, about the possibility?

"Answer: Not enthusiastic, and not very much interested.

"Question: But he expressed to you what his views were alternatively to the possibility of obtaining colonies?

"Answer: No, we didn't go into other alternatives."

Did you give those answers?

A Certainly.

Q Now, after the Fritsch affair, at least, you knew that Hitler was not intent upon preserving the peace of Europe by all possible means.

A Yes, I had my doubts.

Q And after the Austrian anschluss you knew that the Wehrmacht was an important factor in his Eastern policy.

A Well, one may express it that way. I don't know exactly what you mean by it.

Q Well, don't answer anything if you don't know what I mean, because we will make it clear as we go along. Except for the suggestion of colonies you proposed no other alternative to his plan of expansion to the East.

A No.

Q Never at any Cabinet meeting or elsewhere did you propose any alternative.

A No.

Q Now, as to the move into Austria, I think you gave these answers:

"Question: Actually Hitler did not use the precise method that you say you favored?

"Answer: Not at all

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"Question: Did you favor the method that he did employ?

"Answer: Not at all, sir.

"Question: What was there in his method that you didn't like?

"Answer: Oh, it was simply overrunning, just taking, the Austrians over the head -- or what do you call it? It was force, and I have never been in favor of such force."

Did you give those answers?

A Yes.

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Q. Now, you have made considerable complaint here that foreigners didn't come to your support at various times in your efforts to block Hitler, have you not?

A. Certainly.

Q. You knew at the time of the Austrian Anschluss the attitude of the United States towards the Nazi regime, didn't you, as expressed by President Roosevelt?

A. Yes.

Q. And you knew of his speech suggesting that the Nazi menace ought to be quarantined to prevent its spread?

A. I don't remember, but I most certainly must have read it at that time, If that speech was published in Germany, then I must have read it.

Q. Goebbels let loose a campaign of attack on the President as a result of it, didn't he?

A. I assume that I read it.

Q. As a matter of fact, you jointed in the attack on foreigners who were criticizing the methods, didn't you?

A. When and where? Which attack?

Q. All right. After the Austrian Anschluss, when force was used, with your disapproval, you immediately went in and took over the Austrial National Bank, didn't you?

A. That was my duty.

Q. Yes. Well, you did it.

A. Of course.

Q. And you liquidated it for the account of the Reich.

A. Not liquidated; I merged it.

Q. All right.

A. Amalgamated.

Q. Amalgamated it. And you took over the personnel.

A. Everything.

Q. Yes. And the decree doing so was signed by you.

A. Certainly.

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Q. Yes. And you called the employees together on the 21st day of March 1938.

A. Yes.

Q. And made a speech to them.

A. Yes.

Q. And did you use this language among others --

A. Certainly.

Q. Well, you haven't heard it yet.

A. Yes, we heard it during the case of the Prosecution.

Q. Well, I would like to quote some of it to you and remind you of it.

"I think it is quite useful if we recall these things to our mind in order to expose all the sanctimonious hypocrisy exuding from the foreign press. Thank God, these things could after all not hinder the great German people on their way, for Adolf Hitler has created a communion of German will and German thought; he holstered it up with the newly strengthened Wehrmacht, and he then finally gave the external form to the inner union between Germany and Austria.

"I am known for sometimes expressing thoughts which give offense and there I would not like to depart from this custom."

"Hilarity" is noted at that point in your speech.

"I know that there are even here in this country a few people -- I believe they are not too numerous -- who find fault with the events of the last few days. But nobody, I believe, doubts the goal and it should be said to all gramblers that you can't satisfy everybody. One person says he would have done it maybe in one way, but the remarkable thing is that they did not do it" -- and in parentheses there appears the word "hilarity". Continuing with your speech," -- that it was only done by our Adolf Hitler (Long continued applause) and if there is still something left to be improved, then those grumblers should try to bring about these improvements from the German Reich and within the German community, but not to disturb it from without."

Did you use that language?

A. Yes.

Q. In other words, you publicly ridiculed those who were complaining of the methods, didn't you?

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A. If that's the way you see it.

Q. Then, you also, in addressing the personnel of the Austrian National Bank which you were taking over, said this:

"I consider it completely impossible that even a single person will find his future with us who is not wholeheartedly for Adolf Hitler. (Strong continued applause; shouts of Sieg Heil)"

Continuing with the speech:

"Whoever does not do so had better withdraw from our circle of his own accord. (Stormy applause)."

Is that what happened?

A. Yes, they all agreed.

Q. Now, had the Reichsbank, before 1933 and 1934, been a political institution?

A. No.

Q. Had politics been in the Reichsbank?

A. Never.

Q. Well, on this day, speaking to its employees, you said this, did you not:

"The Reichsbank will always be nothing but National Socialist, or I shall cease to be its manager. (Heavy, protracted applause)"

Did that happen?

A. Yes.

Q. Now, sir, you have said that you never took the oath to Hitler.

A. Yes.

Q. I ask you if this is what you, as head of the Reichsbank, required of your employees who you were taking over in Austria, and I quote:

"Now I shall ask you to rise. (The audience rises.) Today we pledge allegiance to the great Reichsbank family, to the great German community; we pledge allegiance to our newly arisen, powerful Greater German Reich, and we sum up all these sentiments in the allegiance to the man who has brought about all this transformation. I ask you to raise your hands and to repeat after me:

"I swear that I will be faithful and obedient to the Fuehrer of the German

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Reich and the German people, Adolf Hitler, and will perform my duties conscientiously and selflessly. (The audience takes the pledge with uplifted hands.)

"You have taken this pledge. A scoundrel he who breaks it. To our Fuehrer a triple 'Sieg Heil'."

Is that a correct representation of what took place?

A. The oath was the required civil service oath and it was quite accordin to that which I said yesterday, that the oath was given to the head of the state, as I explained before. "We stand united for the German people" -- I don't know exactly what the expression was, just the same thing you said in that oath.

Q. I have referred to EC-297, United States Exhibit 632 in the course of this. That is the exhibit I have been using.

So you say that was to an impersonal head of state and not to Adolf Hitler?

A. Yes. One cannot take a visible oath to an idea. Therefore, one has to use a person. But I said yesterday that I did not take an oath on Ebert or Hindenburg or the Kaiser personally, but on the head of state as representative of the people.

Q. You told your employees that all of the sentiments of this oath were summed up in the allegiance to the man, didn't you?

A. No.

Q. Isn't that what you said?

A. No. Don't you want to read it again? It does not mean the man, but the leader. That is the head of the state.

Q. Well, no matter what you took the oath to --

A. (Interposing) Excuse me. There is a great difference.

Q. Well, we'll get to that. Whatever you took the oath to, you were breaking it at the very time, were you not?

A. No. I never broke the oath to this man as representative of the German people, but I broke the oath when I found out that that man was a criminal.

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Q. When you plotted to cause his death?

A. Yes.

Q. Do you want to explain to the Tribunal how you could cause the death of Adolf Hitler without also causing the death of the head of the German State?

A. There is no difference, because unfortunately that man was the head fo the German nation.

Q. You say you never broke the oath?

A. I don't know what you want to express by that. Certainly I did not keep the oath which I took to Hitler, because Hitler himself was a criminal who did not keep his word, and there was no other head of state. I don't know what you want to say, but I did not keep my oath to him and I am proud of it.

Q. So you were administering to your employees an oath which at that moment you were breaking and intending to break?

A. Again you confuse different periods of time. That was during a time im March '38 when, as you have heard before, I still had my dounts, and therefore it was not clear in my mind just exactly what kind of a man Hitler was. Only when in the course of 1938 I found out that Hitler was eventually walking into a war, did I break the oath.

Q. When did you gind him walking into a war?

A. When, in the course of the year 1938, by and by, judging from the events, I could assume that eventually Hitler would steer into a war, that is to say, intentionally. Then only did I break my oath.

Q. Well, you stated yesterday that you started to savotage the government in 1936 and '37.

A. Yes, because I did not want excessive armament.

Q. Yes. And you were administering --

A. (Interposing) Excuse me. Because I did not want excessive armament.

Q. And we find you administering an oath to the employees to be faithful and obedient.

Now, I ask you if you didn't make this statement in interrogation:

"Question: But you make this statement at the end of the oath, after everybody had raised his hand and made his oath. Did you way the following,

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'You have expressed this oath. A bad fellow who breaks it.'?

"Answer: Yes, I agree to that and I must say that I myself broke it.

"Question: Do you also say that at the time that you urged this upon the audience that you already were breaking it?

"Answer: I am sorry to say that internally I was very shaken in my loyalty already at that time, but I hoped that things would turn out well at the end."

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A I am glad that you quote this. I am glad that you have quoted that because it confirmed clearly what I have just said; that I was in a state of doubt and that I still had some hope that everything would come out all right; that is to say, that Hitler would develop into the right direction, so it confirms exactly what I have just said.

Q Well, I am sure we want to be helpful to each other, Dr. Schacht.

A I am convinced that both of us are trying to find the truth, Mr. Justice.

Q Now, you remained in the Reichsbank after this Anschluss, of course?

A Yes.

Q And you remained there until January 1939, if that is the date?

A Yes.

Q Now, after this Anschluss, the MEFO bills which had been issued began to become due, didn't they, in 1938 and 1939?

A No, the MEFO bills are -- the first MEFO bills must have been due at the earliest in June 1939. They only had been issued for five years and I assume that the first of these notes were issued in the Spring of 1934, so that the first one became due in the Spring of 1939.

Q Well, this is the question and answer. You correct me if I am wrong.

"Q Well, did you in the Reichsbank utilize funds which were available? Let me put it this way: As these MEFO bills became due, what did you do about them?

"A I asked the Minister of Finance whether he could repay them, because after five years he had to repay them, some in 1938 or 1939, I think. The first MEFO bills would have come to repayment and of course he said 'I can't'."

You had that conversation with the Finance Minister while you were still president of the Reichsbank?

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A Mr. Justice, you can be sure that you will understand that from the entire financial problem, we became worried as to whether we would get our bills paid or not; that is, our bonds, and I have explained to the Tribunal already that in the second half of the year 1938, the Finance Minister got into difficulties and he came to me in order to borrow funds; therefore, I told him "Listen, in what kind of a situation did you get? You will soon have to repay the first MEFO bills to us. Aren't you prepared for that?" And, now, it turned out that was in the Fall of 1938 that the Reich Finance Minister had not made any preparations in order to meet the payment of the MEFO bills and that, in the Fall of 1938, made the connection between the Reich Finance Minister and the Reichsbank extremely difficult.

Q Now, taxes didn't yield any sufficient revenue to discharge those bills, did it?

A Y es; I have explained yesterday already that risk which was in the MEFO bills, which I had admitted from the very beginning, that that was not really a risk connected with a reasonable finance policy; that is, from the year 1938, one would have not continued to arm and make unnecessary expenses but if, instead, one would have used money received from bonds and taxes for the repayment of the MEFO bills.

Q All I am asking you at the present moment, Dr. Schacht, is that these bills could not be paid out of the revenue from taxes.

A Sure, yes, yes.

Q They could have?

A Of course, of course, that was the beginning of that, but they were not repaid, but the money was used to continue rearming. May I say one more thing to explain it to you better and to inform you better?

Q I am not concerned about the financing, I am merely concerned with what kind of mess you were in.

A Yes.

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Q The MEFO bills were due and could not be paid?

A Shortly.

Q They were shortly to mature?

A Yes, but they could have been paid. That is a mistake if you say that they could not be paid.

Q Well, they couldn't be paid out of the current year's taxes, could they?

A Yes, indeed. You are not interested and don't want me to tell you, but I am quite ready to explain it.

Q Well, you have explained it pretty well to us.

A You have just told me you were not interested.

Q Your subscriptions to the Fourth Reich Loan of 1938 had produced unsatisfactory results, hadn't they?

A No, very little success. The capital market was not good.

Q And you have reported on the loan that there had been a shortage in the public subscription?

Q And the result had been unsatisfactory?

A Yes.

Q Now, did you not make this answer to the interrogator's question:

"Q But I am asking you whether during that period from the 1st of April 1938 to January 1939, you did not continue to finance armaments?

"A Sir, either these MEFO bills had to be refunded by the Reich, which they could not because the Reich had no money to do it, and I couldn't procure any money for refunding because that should have come from taxes or loans, so I had to continue to carry these MEFO bills and that, of course, I continued."

Did you give that answer?

A Yes, that is quite in order because the Finance Minister did not have the funds for repayment of the MEFO bills. He didn't use them for that purpose but

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for rearmaments. If he had used this means to pay the MEFO bills, everything would have been all right.

Q And you carried the MEFO bills which let him use current revenues to continue the plans of rearmament after 1938, didn't you?

A Mr. Justice, since I was like that, a large part of the MEFO bills was already in the open market, the money market and capital market. If that market, now, from the part of the government was too heavily taxed, when the people brought the MEFO bills to the Reichsbank and the Reichsbank had promised to cash them, that was the great obstruction to my policies by the policy of the Reich Finance Minister, which was based on the fact that the Reich Finance Minister financed armament instead, as he had promised to cash the MEFO bills.

Q Now, it was under those circumstances that you took a position which would result in your retirement from the Reichsbank?

A Yes.

Q Now, we come to Czechoslovakia. Did you favor the policy of acquiring the Sudetenland by threat of resort to arms?

A No.

Q I think you characterized the manner in which the Sudetenland was acquired as wrong and reprehensible.

A I don't know when I could have done that. I said that the Allied politics made the donation of the Sudetenland to Hitler, whereas I always had expected that the Sudeten Germans would get autonomy.

Q Then you approved of Hitler's policy in handling the Sudetenland situation? Is that what you want to be understood as saying?

A I have never known that Hitler, beyond the autonomy, demanded anything else.

Q Your only criticism of the Czechoslovakian situation relates to the Allies, as I understand you?

A No, that also applies to the Caechs and maybe the Germans; I don't know; I certainly don't want to be the judge here.

Q Well, on the 16th of October 1945, in Exhibit US 636, I ask if you didn't make these replies to questions:

"Q Now, I am coming back to the march against Czechoslovakia which resulted in the appeasement policy in Munich and the cession of the Sudetenland to the Reich.

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"A Yes.

"Q Did you at that time favor the policy of acquiring the Sudetenland?

"A No.

"Q Did you favor at that time the policy of threatening or menacing the Czechs by force of arms, so as to acquire the Sudetenland?

"A No, certainly not.

"Q Then I ask you, did it strike you at that time or did it come to your consciousness that the means which Hitler was using for threatening the Czechs, was the Wehrmacht and the armament industry?

"A He could not have done it without the Wehrmacht."

Did you give those answers?

A Yes.

Q Continuing:

"Q Did you consider the manner in which he handled the Sudeten question, wrong or reprehensible?

"A Yes.

"Q You did?

"A Yes, sir.

"Q And did you have a feeling at that time, looking back on the events that had proceeded and in your own participation in them, that this army which he was using as a threat against Czechoslovakia was at least in part an army of your own creation? Did that ever strike you?

"A I cannot deny that, sir."

A Certainly not.

Q But here again, you turned to help Hitler once he had been successful with it, didn't you?

A How can you say such a thing? I could not know, I did not know that Hitler would need the army in order to threaten other nations.

Q After he had done it, you turned in and took over the Czech bank, didn't you?

A Of course.

Q You followed to clean up economically just so far as Hitler got the territory, didn't you?

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A But excuse me. He did not take it with violence. The Allies have given it to him. That had all been settled peacefully.

Q Well, we have your testimony on the part the Wehrmacht played in it and what part you played in the Wehrmacht.

A Yes, of course, I never disputed that.

Q No. What I mean is this, referring to your interrogation of the 17th of October.

"Q Now, after the Sudetenland was taken over by the Munich agreement, did you as president of the Reichsbank do anything about the Sudeten territory?

"A I think we took over the affiliations of the Czech Bank of issue.

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Q And you also arranged for the currency conversation, did you not?

A Yes.

Q That is what you did after this wrong reprehensible act had been committed by Hitler, didn't you?

A It is not a wrong and reprehensible act of Hitler. He didn't commit any such act but Hitler, in the way of contract, has received the Sudeten German area and, of course, the currency and the institute which issued the currency had to be amalgamated with German institutions. There is no possibility to speak of injustice. I cannot believe that the Allies would have put their signature to an injustice.

Q So you think that everything up to Munich was all right?

A No. I am certainly of different opinions; there was much injustice.

Q Were you in the Court when Goering testifies as to his threat to bomb Prague "the beautiful City of Prague"?

A Thanks to your invitation, I was here.

Q I suppose you approved that use of the force which you created in the Wehrmacht?

A I disapproved, disapproved under all circumstances.

Q You didn't think that was right dealing, then?

A No, no, that was an atrocious thing.

Q Well, we found something we agree on, Doctor. You knew of the invasion of Poland?

A Yes.

Q As an unqualified act of aggression on Hitler's part?

A Absolutely.

Q The same was true of the invasion of Luxembourg?

A Absolutely.

Q And of Holland?

A Absolutely.

Q And of Denmark?

A Absolutely.

Q And of Norway?

A Absolutely.

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Q And of Yugoslavia?

A Absolutely.

Q And of Russia?

A Absolutely, sir; and Norway and Belgium, which you left out.

Q Yes; well, I got to the end of my paper. The entire course was a course of aggression?

A Absolutely, to be condemned.

Q And the success of that aggression at every step was due to the Wehrmacht which you had so much to do with creating?

MR. JUSTICE JACKSON: Now, I intend to take up another subject. It is almost time to recess.

THE PRESIDENT: We will recess now.

(A recess was taken)

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THE MARSHAL: If it please the Tribunal, the report is made that defendant von Neurath is absent.

BY MR. JUSTICE JACKSON:

Q Dr. Schacht, in your direct testimony you made reference to a film, which was taken an exhibited in Germany for propaganda purposes, of your demeanor on the occasion of Hitler's return after the fall of France.

A May I correct that? I did not speak about this film, but my counsel; and that it was used for propaganda purposes has not been mentioned here. My lawyer merely said that it had been displayed during a newreel presentation. Therefore it probably ran for about one week.

MR. JUSTICE JACKSON: I will ask to exhibit that film to the Tribunal. It is a very brief film, and the movement in it is very rapid. There is very little of translation involved in it, but the speed of it is such that for myself I had to see it twice in order to really see what it is.

THE PRESIDENT: Do you want to put it on now?

MR. JUSTICE JACKSON: I would like to put it on now. It will take only a moment, and Dr. Schacht should be placed where he can see it, for I want to ask him some questions, and particularly I may ask you to identify the persons in it, I will ask, if I may, to have it shown twice so that you may be able to see it more.

THE PRESIDENT: Certainly.

(At this point the film referred to by Mr. Justice Jackson was shown.)

MR. JUSTICE JACKSON: I think that I, in mentioning this exhibit, which I wish to offer in evidence, spoke of it as a "propaganda film". That was not the language of Dr. Dix. Dr. Dix described it as a "weekly newsreel" and as a "weekly film."

Q While our memory is fresh about that, will you tell the Court as many of the defendants as you recognized present in that picture?

A Looking at this short film, I could not recognize everybody who was there. However, I should assume that almost all of them were present. That is from my memory, not from this film. Either following Hitler or among those who received him.

Q While you were still President of the Reichsbank and after the action in taking over the Czechoslovakian Bank, you made a speech, did you not, on 29 November 1938?

A Yes.

MR. JUSTICE JACKSON: It is document EC 611, US 622. I am advised that the film became USA Exhibit 835, and before I pass from it, I would like to offer the statement as to the personality of Hermann Goering, which is US document 3936 PS, as US Exhibit 836.

Q In this speech of 29 November 1938, Dr. Schacht, if I am correctly informed -- and by the way, it was a public speech was it not?

A Inasmuch as it was made before the German Academy, it was absolutely public. If it passed the censorship, it probably was mentioned in the papers. It was public; anyone could have listened to me.

Q You used this language, did you not:

"It ispossible that no bank of issue in peace times carried on such a daring credit policy as the Reichsbank since the seizure of power by National Socialism. With the aid of this credit policy, however, Germany created an armament second to none, and this armament in turn made possible the results of our policy."

Is that correct?

A That is absolutely correct, and I was very much surprised. Please let me finish. I was very much surprised that it was necessary to do this in order to get justice in the world.

Q The taking over of Czechoslovakia representing your idea of justice?



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A I have already told you that Germany did not take over Czechoslovakia but that that country was presented to Germany by the Allies on a trade.

Q Are you now saying that that was an act of justice, or are you condemning it? I can not get your position, Doctor. Will you just tell us were you for it; are you for it today, or against it?

A Will you please tellme again what I am for or what I am against?

Q The taking over of the Sudetenland by the method by which it was done.

A I can not amswer your question forthis reason: That it was not a taking over; it was a present. If some one gives me a present, such as this, I accept it gratefully.

Q Even though it doesn't belong to them to give?

A Well, of course, that is up to the donor. They must judge that.

Q Though it was taken at the point of a gun, you would still accept the gift?

A No, it was not taken at the point of a gun.

Q Well, we will pass on to your speech. Did you say also:

"Instead of a weak and vacillating government, a single, purposeful, energetic personality is ruling today. That is the great miracle which has actually happened in Germany and which has had its effect on all fields of life and not least in that of economy and finance. There is no German financial miracle. There is only the miracle of the reawakening of German national consciousness and German discipline and we owe this miracle to our Fuehrer Adolf Hitler."

Did you say that?

A Certainly. That was my great surprise.

Q As Minister without Portfolio, what did your Ministry consist of?

A Nothing.

Q What employees did you have?

A One female secretary.

Q What space did you occupy?

A Two or three rooms in my own apartment, which I had furnished as office rooms.



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Q So the government did not even furnish you an office?

A Yes, they paid me a rental for those rooms.

Q Oh, and whom did you meet with as Minister without Portfolio?

A I do not understand. Whom was I supposed to have met?

Q Did you have any meetings? Did you have any official meetings to attend?

A I have stated here repeatedly that after my retirement from the Reichsbank, I never had a single meeting or conference at all, official or otherwise.

Q Did anybody report to you, or did you report to anybody?

A No, nobody reported to me, and I did not have to report to anybody else.

Q Then I take it that you had no duties whatever in this position?

A Absolutely correct.

Q And you were Minister without Portfolio, however, at the time that Hitler came back from France, and you attended the reception for him at the railway station?

A Right.

Q And went to the Reichstag to hear his speech?

A Yes.

Q Now, notwithstanding your removal as President of the Reichsbank, the government continued to pay you your full salary until the end of 1942, did it not:

A I stated yesterday that that is not correct. I received my salary from the Reichsbank, which was due to me by contract. A ministerial salary was not paid to me. I believe that as Minister I received certain representative funds. However, I did not receive a salary as Minister.

Q Well, I will return to your interrogation of 9 October 1945 and ask you whether you gave these answers to these questions on that interrogation:

"Question: What salary did you receive as Minister without

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Portfolio?

"Answer: I could not tell you exactly. I think it was some 24,000 marks--20,000 or 24,000 marks. I can not tell you exactly, but it was accounted on the salary and afterwards on the pension I got from the Reichsbank so I was not paid twice.

"Question: In other words, the salary that you received as Minister without Portfolio during the period you were also President of the Reichsbank was deducted from the Reichsbank?

"Answer: Yes.

"Question: However, after you severed your connection with the Reichsbank in January 1939, did you receive the whole salary?

"Answer: I received the whole salary because my contract was still running until the end of 1942.

"Question: So you received a full salary until the end of 1942?

"Answer: Full salary and no extra salary, but from the first of January 1942 I got my pension from the Reichsbank, and again the salary of the Ministry was deducted from that, or vice versa. Which was higher, I do not know; I got a 30,000 mark pension from the Reichsbank."

And on 11 July 1945 at Ruskin, you were questioned and gave answers as follows:

"Question: What was the date of your contract?

"Answer: 1937. From March 17, 1939, 1940, 1941, 1942. Four years. Four years contract.

"Question: You were really then given a four year appointment?

"Answer: That is what I told you. After 1942 I got a pension from the Reichsbank.

" "Question: What was the amount of your salary and all other income from the Reichsbank?

"Answer: All the income from the Reichsbank, including my fees for representation, amount to 60,000 marks a year, and the pension is 24,000. You see, I had a short contract but a high

pension. As Reichsminister without Portfolio, I had another, I think also 20,000 or 24,000 marks."

Now, is that correct?



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A The salaries on paper are not correctly cited here. I have claimed there that I was only paid by one source. I have been asked, "What salary did you receive as Reich Minister?" I have stated that. However, I never received it. It was merely deducted from my Reichsbank salary. And a pension, as I see it here, is quoted wrongly. In one case I believe I had 24,000 marks pension, while it was said here that it was 30,000 marks. In my own money affairs I am not as correct as I am with my official money affars. However, I have been paid only once, and that is mainly by the Reichsbank, and that also has not been stated correctly, and that was not until the end of '42, the end of June of '42, that my contract was terminated. Then the pension began and this pension also was paid only once. How those two, that is the Ministry and Reichsbank, set off these amounts against each other is unknown to me.

Q Well, you were entitled to a salary and a pension, both, and one was offset against the other; is that what you mean?

A Yes.

Q And that arrangement continued as long as you were a part of the regime?

A That is still in existence today. It has nothing to do with the regime. I hope that I will still receive my pension; how else could I pay my expenses?

Q Well, they may not be very heavy, Doctor.

When General Beck resigned, he asked you to resign?

THE PRESIDENT: Just a minute, it is quite unnecessary for anyone present in Court to show their amusement by laughter.

BY MR. JUSTICE JACKSON:

Q (Continuing) Were you asked to resign when General Beck resigned?

A No, he didn't say that.

Q Have you in mind the testimony given by Gisevius here?

A Yes. It was an error by Gisevius.

Q Oh, well, at any event, when General Beck resigned, it was called sharply to your attention?



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A He paid me a visit and told me about it a few days before his retirement. I assume that was about the end of August or the beginning of September of the year of 1938.

Q And you say that no proposal was made to you at that time that you should resign along with Beck?

A No, nothing was said about that. Beck saw me in my room and he never mentioned anything of this sort, and we never debated it.

Q Did it ever occur to you that a resignation would be the appropriate way of expressing your protest against these things which you now say you disapprove?

A No, I assume that a resignation would not have been the means to put through those things which have to be done and I regretted it very much that Beck retired. Those things which happened were caused by an entirely false policy. This policy was partly forced upon us. We did not handle it properly. In February Neurathwas dismissed. In fall Beck stepped out. In January, 1939, I was dismissed. It was alwaysone after the other who was thrown out, if it had been possible. In our group, if I may speak of a group, what we had hoped for and expected, that is to undertake a common action , would have been an excellent thing. However, these individual retirements had no use whatsoever; at least they had no success.

Q You felt that Beck should have stayed at his post and be disloyal to the head of state?

A Absolutely.

Q And, in all events, you continued in every public way throughout the period until the fall of France to hold yourself out as a part of the government and a part of the regime, didn't you?

A Well, I never have considered myself apart of the regime because I was against it. However, of course, I also, beginning in fall of 1938, worked towards my own retirement, as soon as I recognized that Hitler did not stop the rearmament but continued it, and my own inabilityto act against it

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Q Well, when did you start working towards your own retirement?

A Pardon me; I did not get you.

Q When did you start working towards your own retirement from all office?

A After Munich and after we had realized that a disarmament or a stopping of rearmament by Hitler was not to be expected by us, that we could not prevent a continuation of the rearmament, that is when we started within our circle of the directorate of the Reichsbank to talk about this question and to formulate plans that a course of continued rearmament was nothing for us to be connected with; that is the last quarter of the year 1938.

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Q And all of these events of which you disapproved never were of sufficient consequence to cause you to resign and withhold a further use of your name from this regime?

A Until then I had still maintained the hope that things would turn towards the better and, consequently, I accepted all the disadvantages which were connected with my remaining in office, even the danger that some day I would be judged, as it is happening today.

Q You continued to allow your name to be used at home and abroad despite your disapproval, as you say, of the invasion of Poland?

A I have never been asked whether I permitted this, and I have never given that permission.

Q You knew perfectly well, did you not, that your name meant a great deal to this group at any time, and that you were one of the only men in that group who had any standing abroad?

A The first which you mentioned I already accepted yesterday from you as a compliment. The second, I believe, is not correct. I believe that several other members of the regime also had a standing in foreign countries, among whom also were a few who are sitting with me in the prisoner's dock.

Q Any foreign observer, who read affairs in Germany, would have obtained the understanding that you were supporting the regime continuously until you were deprived of the office of minister without portfolio, would they not?

A That is absolutely incorrect. As I have stated yesterday repeatedly and also during my direct examination, I have always been mentioned in foreign broadcasts as a man who is an enemy of the system and all my friends and acquaintances in foreign countries, and there were very many of those, knew that I was against this system and worked against it. And if any journalist could be mentioned to me today who did not know this, then he does not know his business.

Q Oh, you refer to the letter which you wrote to the New York banker Leon--

A Leon Frazier.

Q Now, at the time you sent that letter to Switzerland, there was a diplomatic representative of the United States in Berlin, was there not?

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A Yes.

Q And you knew he had the pouch communique at least once a week and usually once a day with Washington?

A Yes. I didn't know it, but I assumed it.

Q And, if you wanted to communicate with the Government of the United States or with an official of the United States, you might have communicated through the regular channels?

A I did not desire to negotiate with the American Government nor with an American official. I merely desired to reestablish my connection with a friend who had invited me in January to come to the United States, and I make reference to this previous correspondence between him and me in January.

A That disposes of the Frazier matter then.

Now, Dr. Schacht, while you were minister without portfolio aggressive wars were instituted, according to your testimony, against Poland, against Denmark and Norway in April of 1940, against Holland and Belgium in May of 1940; in June there was the French armistice and surrender; in September of 1940, there was the German-Japanese-Italian Tripartite Pact; in April of 1941, there was an attack on Jugoslavia and Greece, which you were say were aggressive; in June of 1940 there was the invasion of Soviet Russia, which you say was aggressive; on December the 7th, 1941, Japan attacked Pearl Harbor, and after the attack declared war on the United States; on the 8th of December, 1941, the United States declared on Japan, but not on Germany; on December the 11th, 1941, Germany and Italy declared war on the United States; and all these things happened in the foreign field and you kept your position as minister without portfolio under the Hitler Government, didn't you?

A Mr. Justice --

Q Isn't that a fact?

A Yes, and I wish to add something to this. Dozens of witnesses who have testified here, and from myself you have heard again and again that it was absolutely impossible unilaterally to retire from an office because, if I have been put in as a minister by the head of a government, I can only retire over his signature. You have also heard that at various times I attempted to rid myself of this ministerial office. Besides the witnesses' testimony, I can bring you testimony from others, including

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Americans, that it was well known that Hitler did not permit anyone to retire from an office without his permission. And now you accuse me that I remained. I did not remain for my pleasure. I remained because there was no other possibility for me than with a tremendous crash to retire from the ministry, and this crash I tried to bring about almost every day until, finally in January 1943, I succeeded to do that and then to disappear from my office under certain danger to my life.

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Q Well, I'll deal with your explanation later. I am now getting the facts.

You didn't have an open break with Hitler so that you were not entirely out of office there after the German offensive broke down in Russia and the German armies were in retreat, and after the allies landed in Africa, didn't you?

A A letter by which I brought about the last successful crash is dated November 30, 1942. The crash and its success is dated January 21, 1943, because Hitler and Goering and some other people who had to deal with it needed seven weeks to make up their minds about the consequence of my actions.

Q Then, by your letter, it plainly shows that you thought the ship was sinking, wasn't it, or was lost?

A My oral and written declarations from many previous times have already shown this. You have also already spoken about this. I have mentioned my rights to Ribbentrop and Funk I have given a number of descriptions here which prove that I never believed in the possibility of a German victory at any time. My disappearance from my office has nothing to do with these questions at all.

Q Now, meanwhile, you were remaining as Minister without portfolio because you thought it might be dangerous to resign. You were encouraging the generals in the Army to commit treason against the head of the State, were you not?

A Yes, and I would like to make an additional explanation to this. It was not because of the threatening danger to my life. For myself I was not afraid of danger to my life because my life had been endangered since 1937 on I had been in constant danger of my life and I was exposed to the whim of the Party and of the head of the Party.

Your question that I tried to turn a number of generals to treason against the head of the state I answer with the word yes

Q And you also tried to get assassins to assassinate

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Hitler, did you not?

A In the year of 1938 when the first attempt was made by me, I did not think of an assassination of Hitler. However, I must admit that later I said if it could be done any other way, we will have to kill him.

Q Did you say "I will have to kill him" or did you say "Somebody else will have to kill him?"

A If I had had the opportunity I would have killed him myself. Yes. But, please don't accuse -- don't put me before a German court for attempted murder because in that case I am guilty.

Q Now, whatever your activities, they were never sufficiently open so that the foreign files in France, which you say were searched by the Gestapo, had a single bit of it?

A Yes, I couldn't announce it or it would have been in th newspapers.

Q And the Gestapo, with all its searching of you, never put you under arrest until the 20th of July attack on Hitler's life?

A They could have put me under arrest earlier than that if they had been a little smarter, but that seems to be a strange attribute of any police force.

Q And it was not until 1943 that the Hitler regime dismissed you? Until that time they apparently were in the belief that you were doing more good than harm?

A The thoughts which they had at that time I don't know. Please don't question me about that. You will have to ask somebody from the regime, and you have plenty of those right here.

Q You have now contended that you knew about the proposed attack on 20 July on Hitler's life?

A I knew about it.

Q You knew that Gisevius says you didn't know about it?

A I have already stated yesterday that not only did he

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know, but also Goerdeler and General Lindemann. I was entirely informed about everything and Col. Grunan told me about it. I also stated that I did not inform my friends about this because this was a bi-lateral agreement and we did not want to talk to anyone about anything which could have gone to the Gestapo.

Q Do you recall that Gisevius said that there were only three people who knew about that being wrought within milibary personnel?

A You see, not even Gisevius was informed about everything--about every detail, so naturally, he could not testify about it.

Q And so, Dr. Schacht, we are to appraise your testimony in the light of the fact that you personally, over a long period of time, pursued a course of sabotage of your government's policies under treason, against the head of the State, rather than openly resign your office completely?

A You constantly refer to my resignation. I have told you and proven to you that a resignation was not possible. Consequently your conclusion is a wrong one.

Q Let's see. In your interrogation on October 16, 1945, United States Exhibit, 636, some questions were asked you about the generals of the Army, and I ask you if you didn't -- if you weren't asked these questions and if you didn't give these answers.

Question: "I say, suppose you were chief of the general staff, and Hitler decided to attack Austria, would you say you had the right to withdraw?"

Answer: "I would have said, 'Withdraw me, sir'."

Question: "You would have said that?"

Answer: "Yes."

Question: "So you take the position that any officer could at any time, withdraw if he thought that the moral obligation was

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such that he felt that he could not go on?"

Answer: "Quite."

Question: "In other words, you feel that the members of the general staff of the Wehrmacht who were responsible for carrying into execution Hitler's plan are actually guilty with him?"

Answer: "That is a very difficult question you put to me, sir, and I answer yes."

You gave those answers, didn't you?

A Yes, and I shall have to ask permission from the court to give an explanation. If Hitler, if Hitler, I say, ever had given me an immoral order, I would have refused to execute it. That is what I said about the generals also, and I stand to this testimony which you have just read.

MR. JUSTICE JACKSON: I am through with him, your Honor, except that I would like to note the exhibit numbers. The petition to Hinde referred to yesterday is 3901-PS, and will become USA Exhibit 837. The von Blomberg interrogation of October 1945, is United States Exhibit 838.

DR. LATERNSER (Counsel for the General Staff and the O.K.W.) Mr. President, I request that the testimony of the accused Schacht be stricken from the record as far as he was accused, and this became part of the protocol, the minutes. The question, as I understood it, was whether he considered the general staff as actually guilty as Hitler. This question was answered with "Yes by this accused.

This question and this answer to the question is inadmissible also the answer--because a witness cannot make judgment in this case. That is a task of the court. For this reason, I request that this testimony be stricken from the record.

MR. JUSTICE JACKSON: May it please the Tribunal, I do not offer this opinion of Schacht's as evidence against the General Staff or against any soldier on trial. The evidence, I think, was apparently used to the credibility of Schacht as to his

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position, and I do not think that his opinion on this matter is evidence against himself on the question of credibility.

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THE PRESIDENT: Yes, Dr. Dix.

DR. DIX: The question by Justice Jackson was not phrased as to whether Schacht considered the General Staff guilty, but the question was whether it was correct that Schacht, in an interrogation during his previous examination, had given a certain answer to one question. In other words, it was a question about a fact which was in the past and it was not a question about an opinion or a judgement which he was expected to give here.

I am interested in not having the following portion of the paragraph stricken out, to the extent of these exact words: "I, Schacht, would not have executed an immoral order by Hitler; I refused." I request that these words remain in the record. So far as the rest of this answer of Schacht's is concerned, I, as his defense counsel, declare that it is a matter of indifference to me.

DR. LATERNSER: Mr. President, after the declaration of Justice Jackson, I withdraw my objection.

GENERAL ALEXANDROV: Mr. President, may I begin my cross-examination?

THE PRESIDENT: Yes.

BY GENERAL ALEXANDROV:

Q Defendant Schacht, while answering the questions put to you by your counsel you informed us as to the circumstances of your meeting for the first time with Hitler and Goering. You also recalled one detail, such a particular detail as the pea soup served for supper at Goering's place.

What I am interested in now are some other particulars of your relations with Hitler and Goering. Tell us, on whose initiative did the first meeting with Hitler and Goering take place?

A I have already stated that my friend, the Bank Director von Strauss, had invited me to an evening in his home, and in his home I met Goering. The meeting with Hitler took place by way of Goering asking me to come to his home -- that is, Goering's home -- to meet Hitler.

Q Due to what considerations did you accept that invitation, then, to meet Hitler and Goering?

A The National Socialist Party at that time was already one of the strongest parties within the Reichstag. They had 108 seats, and the National Socialist movement, throughout the country, was extremely lively. Consequentl

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I had a general interest in making the acquaintance of the leading men of this movement of whom I had no knowledge, or at least whom I didn't know until then.

Q But then you said that you were invited by Goering. Why did Goering invite you?

A Please ask Mr. Goering that.

Q Didn't you ask him yourself?

A Mr. Goering had the desire to have me meet Hitler, or that Hitler meet me.

Q What for? With what aim in mind?

A That you must ask Mr. Goering.

Q Don't you think that Hitler and Goering intended, and not without success, to draw you into participation in the Fascist movement, since they knew you as a remarkable financier and as a man who was sharing their views?

A I am uninformed about what intentions these two gentlemen had at that time. However, I could imagine that it would be just as interesting for these gentlemen to meet Mr. Schacht as it was interesting to me to meet Mr. Hitler and Mr. Goering.

Q It was limited only by your interest? Am I correct in understanding that? Or did you have some other considerations of a political nature? You understood, of course, that your participation in the Fascist movement by itself would be quite profitable to Hitler, inasmuch as you were a well-known man?

A As far as as my person was concerned, I was only interested in what kind of people these men were. What interest these two gentlemen had, as I have already stated, is unknown to me. My collaboration in the Fascist movement was entirely out of the question, and I have never collaborated in this matter.

Q I have already heard this once from you.

A I never performed in that manner before the July elections of 1932. As I have stated here, the acquaintance was made in January of 1931, which was one and a half years before these elections. Throughout these eighteen months a collaboration did not take place.

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Q Yes, that is known to me.

Tell me, were those the only meetings, the ones you have related? Did you meet them again, before Hitler came into power?

A Until July of 1932 I saw Hitler and Goering perhaps once, twice, or three times. I cannot recall any more during these eightee n months. However, there is no question of any frequent meetings.

Q How do you explain the appearance of your letter to Hitler of the 29th of August, 1932, in which you offer to Hitler your own services? You remember this letter, do you not?

A Yes.

Q How do you explain its appearance?

A I have spoken about this repeatedly. Will you please read it in the record?

Q Will you repeat it once again, please, briefly?

THE PRESIDENT: If he has been over it once, that is sufficient.

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GENERAL ALEXANDROV: Very well, I will pass on to another question.

BY GENERAL ALEXANDROV:

Q When, and by whom, for the first time, were you invited to participate in the future Hitlerite Government, and when were you promised the post of Director of the Reichsbank?

A The President of the Reichsbank never had a place within the government, but he was really a high official outside of the government circle.

The first time that there was any talk in my presence about this post was on the 30th of January, 1933, when I ran into Goering accidently, in the vestibule of the Kaiserhof Hotel, and he said to me: "Ah, there comes our future President of the Reichsbank."

Q While answering the questions of your counsel you stated that the Fascist theory of German race supremacy was nothing else but nonsense; that the Fascist viewpoint was really not a serious viewpoint; that you were against the so-called solution of the Lebensraum problem by means of aggressive wars; that you were against the principle of leadership which was established by the Fascist Party; and also, in regard to this, that you made a speech in the Law Academy and stated that you were against the Fascist ideology which was directed against the Jews.

Is that correct? Did you state that while you were answering the questions put to you by your counsel?

A Well, we both heard it.

Q Well, say it then. What was it that led you to Fascism and to cooperation with Hitler?

A. Nothing led me to Fascism; I have never been a Fascist.

Q But what was it that led you to cooperate with Hitler while you had a negative attitude toward his theories and the theories of German Fascism?

THE PRESIDENT: General Alexandrov, he has told us what he says led him to cooperate with Hitler. I think you must have heard him.

GENERAL ALEXANDROV: But, in fact, it took place.

BY GENERAL ALEXANDROV:

Q In reply to a question of your counsel as to why you didn't emigrate, you stated that you did not want to be a martyr. Of course, you

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know the fate of the eminent people in Germany who were liberals; you know what their fate was when Hitler took control.

A You make a mistake here. I did not answer that I did not want to be a martyr so far as the question of emigration was concerned. However, I said that emigrants--that is, people who left voluntarily--never did any service to their country, and I did not want to put my own fate into safekeeping, but I wanted to continue to work for the fate of my own country.

The question of the martyr was put later, whether I expected anything from such a role in the interests of my country. I said that men who die for their country are martyrs only if that fact becomes known.

Q I understood you somewhat differently. I will repeat my question.

A I would be grateful if you repeated the question.

Q Do you know about the fate of the foremost men of Germany who were progressive in mind? What was their fate when Hitler took over Germany?

Of course, you know that all these people either emigrated or were put in concentration camps. You know about that, do you not?

A I have expressly stated, when I spoke about the emigrants, those who are in exile, not those who left the country by force but those who left voluntarily--those are the ones I had been speaking about. The fate of the others is not known to me in detail. If you ask me about individual persons, I will tell you about each one of these persons, whether I know about his fate or not.

A And the fate of such people is well known generally. You are one of very few German statesmen who was cooperating with Hitler. Do you admit it?

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A. No.

Q. You testified -- and I am forced to come back to the same question -- as to the entry in the Goebbels diary dated the 21st of November, 1932. You stated the entry is false. Once again I remind you of this entry which Goebbels wrote, and I quote:

"In conversation with Dr. Schacht I was convinced that he fully reflects our viewpoint. He is one of the few who fully agrees with the Fuehrer's positi

Do you continue to say that this entry is not true, that it is false, as far as the facts I mentioned are concerned? I ask you this now.

A. I have not claimed that this entry is false. I claimed Goebbels was under this impression and that he was merely in error.

Q. And then according to your statement this does not correspond with the facts, this entry, so far as your attitude towards Hitler's regime was concerned. Is it so or not?

A. In the general way in which Goebbels does his writing, it is absolutely wrong.

Q. Then why didn't you express a protest against this, when Goebbels' entry was published?

A. If I had wanted to protest against all the inaccuracies which were printed in Germany, reports about me, I would never have come to my senses.

Q. Well, this is the diary of Goebbels, who is very, very well known as one of the Fascist men in Germany. In this diary he informed people about your political views and if you were not in agreement with such views it would have been quite all right for you to react in some way.

A. Permit me to say something to this. We either have argument or you want to speak uniliterally. I say that the diary of Goebbels was a rather unusual thing.

Q. The witness, Franz Reuter, your biographer and a close friend, in his written affidavit dated 6th of February, 1946, which you have presented to the Tribunal through your Counsel as No. 35, testified to the following:

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"Schacht in the beginning of 1930 enjoined Hitler and helped in the matters of the seizure of the government."

Do you consider this testimony of the witness Franz Teuter is not true, so far as the facts are concerned, or do you confirm and admit them?

A. I consider them wrong.

Q. What kind of participation did you have in so far as securing Hitler's seizure of power was concerned -- I shall continue the question: Under what kind of circumstances in February, 1936, had you organized a meeting or a conference of Hitler with the industrialists? It has already been mentioned here before.

A. I never helped Hitler at all to come to power. All this has been discussed in detail here. In February of 1933 Hitler had already been in power quite some time. Regarding the money collections and industrial meetings of February, 1933, we have been speaking in detail right in this court room.

Q. What particular role did you play in this conference?

A. This, too, has been discussed in detail. Please read about it in the record.

Q. I already have familiarized myself with the reports, but you were not quite exact in giving us information on the circumstances. I am referring to the testimony of the Defendant Funk dated June 4, 1945. In order to clarify th question, this document, No. 28-PS contains -- and I quote Defendant Funk's statement on it:

"I was present at this conference and money was demanded, not by Goering b by Schacht. Hitler left the room and Schacht made a speech in which he was demanding money for an election campaign. I was present there. I was present as an impartial witness, inasmuch as I was quite friendly to the industrialists."

Is this testimony of the Defendant Funk true; so far as the facts are concerned, or is it not?

A. Mr. Funk is in error. We have heard the document, D-203. It was read by the Prosecution -- please don't interrupt me. The Prosecution has submitted

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this document and this document shows that Goering directed the request for financial aid and not I.

Q. When the Defendant Funk was interrogated in regard to this matter he maintained this speech was uttered not by Goering but by you. I ask you now which is true.

A. I have just told you that Mr. Funk is in error and that the evidence of the Prosecution is correct.

Q. And still what particular role did you play during this conference?

A. This, too, I have already described in detail.

THE PRESIDENT: The Tribunal has already heard a long cross-examiniation and it doesn't desire to hear the same facts or matters gone over again. Will you tell the Tribunal whether you have any points which the Soviet Union are particularly interested in which have not been dealt with on cross-examination?

GENERAL ALEXANDROV: Mr. President, in his testimony which went into quite detail the Defendant Schacht was not quite clear in many instances, which would have been satisfying to us. Therefore, I am forced in separate instances to come back to the same questions. In particular it is not quite clear to us what was the role of the Defendant Schacht in carrying through this conference of Hitler with the industrialists. The Defendant Schacht did not give clear and concise answers to this question.

So far as the other questions are concerned, there are only a few, and I think that after the recess -- within twenty or thirty minutes -- I will finish my cross-examination, and all those additional supplementary questions, which are quite interesting to us, in order to ascertain the guilt of the Defendant Schacht.

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THE PRESIDENT: Very well. The Tribunal is not prepared to listen to questions which have already been put.

GENERAL ALEXANDROV: Perhaps now you will find it desirable to declare a recess, so that the cross-examination can continue after the recess.

THE PRESIDENT: General Alexandrov, the cross-examination will continue up to the recess.

Q You admit that while you were at first the President of the Reichsbank and then the Minister of Economics and General Plenipotentiary for War and you admit that you played a decisive part in a matter of armament in Germany and in such a way in the matter of getting ready for aggressive wars.

A No, I deny that most certainly.

Q You were the General Plenipotentiary on the question of war economics?

A Well, we have spoken about that ten times already.

Q I didn't hear it out of your own mouth, not one single time.

THE PRESIDENT: He has admitted throughout -- and of course, it is obvious -- that he was Plenipotentiary for war economy; but what you put to him was, whether he as Plenipotentiary for War Economy took part in rearmament for aggressive war, and he has said over and over again that that was not his object, that his object was to gain equality for Germany. He said so, and we have to consider whether that is true. But that he said it, is perfectly clear.

GENERAL ALEXANDROV: In my subsequent questions it will be quite clear why I ask this question.

Q For how long have you been in the post of General Plenipotentiary for War Economy?

A I just told you -- I don't understand the question, for what duration. All this has been mentioned here already.

THE PRESIDENT: We have got the date when he became Plenipotentiary for War Economy and the date when he ceased to be.

Q Now, I would like to remind you as to what particularproblems you were charged with as the General Plenipotentiary. You are charged with the law for the Defense of the Reich, on the 29th of May, 1936, and I will quote

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a few excerpts from the second part of this law, entitled "Mobilization."

Point 1 : In order to direct the whole war economy the Fuehrer and Reich Chancellor will appoint a General Plenipotentiary on the question of war economy.

Point 2: The problems of the General Plenipotentiary for War Economy consists of the fact that all economic forces should be mobilized for the service of war, in order to secure the economic life of the German people. The Reich Economy Minister, the Reich Food Minister, the Reich Labor Minister, the Reich Forester and all other subservient persons are to be obedient to the General Plenipotentiary. Furthermore, he is responsible for the finance of war, so far as the Reichsbank and the War Ministry are concerned. And the General Plenipotentiary for War Economy has a right to enact public laws within his economy which may be diversions as far as the present laws are concerned.

That is the end of it.

Now, do you admit that by such a law you were given extraordinary powers so far as the war economy is concerned?

A This document is before the Court and I am sure that you have read it correctly.

Q In connectionwith this document, I am asking you whether -- I read the document -- I am asking you whether you admit that by such law you were given extraordinary powers in the sphere of the war econory. Do you admit it?

A I had exactly those powers which are prescribed by the law.

Q I am asking you, do you admit that they were extraordinary, not the regular powers but extraordinary powers, that you were granted?

A No, I will not admit this at all.

Q In other words, the law for the defense of the Empire on the 21st of May, 1935, you considered this law was just an ordinary law?

A It was just an ordinary law.

Q And the functions given to you by this law as General Plenipotentia you considered those functions just ordinary ones?

A The ordinary regulations which are used in every general staff.

THE PRESIDENT: The Court will adjourn now.

(A recess was taken until 1400 hours)

File

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Official transcript of the International Military Tribunal in the matter of: The United States of America, the French Republic, The United Kingdom of Great Britain and Northern Ireland, and the Union of Soviet Socialist Republics, against Hermann Wilhelm Goering et al, Defendants, sitting at Nurnberg, Germany, on 3 May 1946, 1400-1700, Lord Justice Lawrence presiding.

HJALMAR SCHACHT -- Resumed

CROSS EXAMINATION -- Continued

THE PRESIDENT: Yes, General Alexandrov.

GENERAL ALEXANDROV: Mr. President, taking into consideration the Tribunal's desire, as well as the fact that Mr. Jackson has already questioned Schacht in detail, and having read the minutes of this morning's session, it has been possible for me to shorten considerably the questions which I intend to put to Defendant Schacht. I have only two questions.

BY GENERAL ALEXANDROV:

Q Defendant Schacht, on the 21st of May 1935, the Reich Government made a decision with regard to defense. The decision was as follows, citing Point 1:

"Appointed by the Fuehrer, the General Plenipotentiary for Military Economics has begun his work still at the time of peace. According to his directive, he is to head economic preparations for war as far as such preparations do not conflict with other economic organs."

Do you admit that this decision of the Reich Ministry was carried through actively by you and with your help? Do you admit that?

A No, I definitely do not admit that, Mr. Prosecutor.

Q On the 4th of March 1935, in your speech at the Fair in Leipzig, you said the following, citing USA-627:

"My foreign friends are not giving me any aid at the present time, nor are they giving any aid to my attempts. Neither are they trying to show that I have been in disagreement with certai

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basic Nazi theories. They do appear to understand that I am somewhat the economic guardian of Germany.

"I do want to say that everything that I do economically will be exclusively with the Fuehrer's consent, and that I will not undertake anything without his consent. Thus, the real leader and inspirer of the economic program is not myself but the Fuehrer."

Do you understand the citation? Do you agree that you said that at one time?

A. I admit it and would like to make a statement.

Repeatedly I have said, first, that my foreign friends, as far as I had foreign friends, did not do me a favor if they said publicly that I was an adversary of Hitler, because that made my position extremely dangerous. Secondly, I said in that conversation that I would not do anything which would not be according to my conviction, and that Hitler did everything which I had suggested to him, that is, if it was his opinion also. If I had said the contrary, that would have shown. I was in accordance with him as long as he carried out my policies; afterwards I was not, and then I left.

GENERAL ALEXANDROV: I have no more questions, your Honor.

THE PRESIDENT: Do you wish to re-examine, Dr. Dix?

DR. DIX: I will put only a few questions which were caused by the cross examination.

RE-DIRECT EXAMINATION

BY DR. DIX:

Q During the cross examination, the New Plan was again dealt with without Dr. Schacht's having had an opportunity to explain it and to state what part, if any, that plan had in the economy of rearmament, and who the responsible creator of the New Plan was. Therefore, may I put this question to Dr. Schacht now.

A. The New Plan was a logical consequence of the economic

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development which took place after the Treaty of Versailles. I mentioned only briefly that by the separation of German property abroad, the entire organization for German foreign trade was taken away and therefore great difficulties arose for German export.

Without that export, however, one could not think about payment of reparations or any such payments. Nevertheless, all great powers, particularly those who were in competition with Germany throughout the rest of the world, resorted to increase of tariffs in order to exclude German merchandise from their markets or to create more difficulties for Germany's sales, so the opportunity to sponsor German export was diminished more and more.

When Germany, however, attempted by lower prices, connected with lower wages, to maintain her export or to increase her export, the other powers resorted to different means in order to meet German competition, and I remind you that the various devaluations of foreign currency took place, which reduced the possibility of competition by German products. When that was not sufficient, the system of quotas was invented, which is to say that German goods which were imported to a country could not go beyond a certain quota; that was prohibited. Such quotas of German imports were established by Holland, France, and other nations, so here also German export was made increasingly difficult.

All these measures led to the situation that Germany also could not pay private debts abroad anymore. As you have heard here, for many years I had warned against these debts. I was not listened to, however, and it may be interesting to state here briefly that Germany, against my advice, within five years had as many debts in other countries as the United States throughout 40 years before the First World War.

Germany was a highly developed industrial nation and now

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needed foreign money, and Germany at that time was active in colonial development and could make good use of foreign capital.

Now, however, came the last point. When we were no longer able to pay our interests abroad, some of the countries resorted to the method of not returning the amounts which Germany was supposed to receive for exports, but confiscated these funds, and from these funds our debts abroad were to be paid, that is, so to say, to be accounted for. That was the so-called clearing arrangement. The private assets were confiscated in order to satisfy the demands of foreign creditors.

For this entire development, I looked for a solution which would make German export possible, and I established a simple principle which was, "I will only buy where people also buy from me." Therefore, I looked around for countries which were prepared to cover their needs in Germany, and I was prepared to buy merchandise there.

That was the New Plan.

THE PRESIDENT: I don't know what we have got to do with this Dr. Dix.

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BY DR. DIX:

Q Well, the fact is that with aggressive intentions, the new plan had nothing to do with it?

A Absolutely nothing.

Q In this connection, can you make an estimate as to what percentage of German economic production was armament production?

A That question has been put to me in previous interrogations and at that time I wasnot able to answer it because I could not recall as to what amounts Germany expended for armament. Now, we have here -- by the testimony of Field Marshal Keitel, we have heard that armament expenditures during 1934 - 1934, 1935 - 1936, 1937 and so on, during these years as long as the Reichsbank was still cooperating, amounted to five billions of marks and the next year, seven billions of marks and the next year, nine billions of marks, and that is an estimate which scientists have established. The total of the entire German economy during these years could be estimated as fifty to sixty billions of marks, approximately, and if I put that in relation to the armament expenditures, which have been stated here and in witness interrogations, then we find that armament expenditures amounted to about ten to fifteen per cent of the entire German economy during the years in which I had anything to do with it.

Q Then, in the course of the cross examination, was the question of your readiness, lack of readiness, to turn over the office of plenipotentiary for the war economy, and in order to prove your statement that General von Blomberg did not desire that you turn over that office, you have referred to a document which has been submitted by the prosecution. I am referring to document EC 244 and that is a letter by the Reich Minister von Blomberg to Hitler, of the 22nd of February, 1937. It has already been read so I do not have to do so, and may I only point out that in the last paragraph Blomberg expressed his desire and wish that the Fuehrer would direct or cause the Reichsbank president to remain in office, so that covers the statement made by Schacht. Furthermore, in the course of cross examination by Justice Jackson, mention was made of your credibility concerning colonial aspirations and from a different point of view of colonial politics without naval power -- there was no naval power; Germany had no naval power -- can Germany discuss

naval problems? That was the question and answer; and in that connection, I would like to ask you: Did Germany have colonies before 1914?

A Yes.

Q Before?

A Before 1914.

Q Between 1884 and 1914, that is, the time when Germany had colonial properties, did Germany have naval power in relation to Great Britain?

A No, not domination, under no circumstances.

Q That covers it. Then there is another problem fromthe point of view of the credibility of your statements; mention has been made about the question of the ethical conflicts concerning the oath to Hitler, as you say, as head of state, and the intentions which you have manifested to overthrow Hitler, even to kill him. Of past history, don't you know of many cases where high officials of a state attempted to overthrow the head of a state to whom they had sworn an oath?

A I believe you find these examples in the history of all nations.

THE PRESIDENT: Dr. Dix, we aren't concerned with past history, are we? You don't think the question of whether there are historical instances, is a legitimate question to put to this witness?

DR. DIX: Then I will not pursue that point any longer; it is more argumentation and maybe I can use it later.



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Q Now, returning to the question of colonies, isn't it correct that aside from your personal colonial aspirations, Germany within the German Reich government had prepared officially the qcquisition of colonies and later the administration and wasn't there a political office until 1942 or 1943 or thereabouts?

A Well, it said explicitly in the Party program that the colonial demands are part of the Party program, Of course, also the Foreign Office has concerned itself with it and I believe also in the Party.

Q There was a colonial political office under Ritter von Epp?

A Yes, under Ritter von Epp.

Q Then concerning the question of the MEFO drafts, only once more in conclusion, did you want to express that the MEFO drafts should serve to put the brakes on rearmament because the signature of the Reich was typing up a means of the Reich government for repayment?

A You see, I have said very clearly that the limitation of the MEFO bills was for five years and the date of maturity after five years necessary had to put brakes on armament automatically at that time.

Q Furthermore, Justice Jackson dealth with the subject "that the name of Schacht when he retained the office as minister without port folio, had propagandistic results in favor of the Nazi regime abroad and therefore served the Nazi regime." In this connection and in order to abbreviate and to shorten the presentation of my documents, may I read from my document, Exhibit 37; that is in the English text on page 157 and the German text 149, and the fifth page of that Huelse affidavit says:

"The foreign press drew from the dismissal" --that is, the dismissal of the Reichsbank President in 1939 -- " the correct conclusions and interpreted it as a warning signal. In that sense in repeated conversations, even at the end of 1938, and in agreement with Dr. Schacht, I had spoken with representatives of foreign issuing banks, whom I had met at board meetings of the Bank for International Payment and I informed them that the resignation of Schacht and the individual members of the Reichsbank Directorate would mean that things in Germany were following a dangerous path."

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Furthermore, the prosecutor of the Soviet Union has accused Dr. Schacht of the fact that in the biography of Reuter it is stated expressly that Schacht assisted the regime in the stage of struggle for power. That is the substance of it. That is true, as it occurred in Reuter's notes, but there is something else, and I believe we still have to submit that Exhibit 35, page 124 of the English text and 125 of the German text, and there we find on the second page of that long affidavit the following sentence which shows its limited value of that biography as a source of information. Reuter says in this affidavit, and I quote: "I had a biography of Dr. Schacht published twice, first at the end of 1933 by the R. KITTLER Publishing house in Berlin, and at the end of 1936 by the German Publishing Institute in Stuttgart. Besides a factual presentation of his life and his work, it also served the purpose to shield him from his attackers. Therefore the principles of purely objective historical research work, are not applicable to these publications, because defensive views required by the situation of the respective period had to be taken into consideration." One has to know and read if on wants to consider the value as evidence of that biography. And that concludes my questions.

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THE PRESIDENT: The defendant can then retire.

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DR. DIX: I come now to the witness Vocke.

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BY THE PRESIDENT:

Q. Will you state your full name?

A. Wilhelm Vocke.

Q. Will you repeat this oath after me:

I swear by God, the Almighty and Omniscient, that I will speak the pure truth, and will withhold and add nothing.

(The witness repeated the oath.)

THE PRESIDENT: You may sit down.

DIRECT EXAMINATION

BY DR. DIX:

Q. Mr. Vocke, you were a member of the Directorate of the Reichsbank. When did you enter the Reichsbank Directorate, and when did you resign from it?

A. Reichspresident Ebert, in 1919, appointed me a member of the Reichsbank Directorate, and Hitler, on the 1st of February 1939, dismissed me from office. Therefore, I was about 20 years a member of the Reichsbank Directorate, and of these, about ten years under Schacht.

Q. Excuse me, but I have to ask you, were you a member of the Party?

A. No.

Q. Were you a member of the SA?

A. No.

Q. Were you a member of the SS?

A. No.

Q. Were you a sponsoring member of the SA or SS?

A. No

Q. You had no connection with the Party?

A. No.

Q. When did you meet Schacht?

A. In 1915. At that time I made his acquaintance, but only later when

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he became Reichsbank Kommissar and Reichsbank President, I came to know him better.

Q. I come now to the period of the First Reichsbank presidency of Schacht, that is, the year 1923. What was at that time the attitude of the Reichsbank Directorate to the candidacy of Schacht as Reichsbank President?

A. An attitude of disapproval.

Q. And for what reason?

A. The reasons were --

Q. Would you please make a pause after my question?

A. We had desired Helferich as candidate for president of the Reichsbank, because Helferich, in close cooperation with the Reichsbank, had created the Rentenmark and stabilization of currency.

But to give reasons for disapproving of Schacht, we mentioned an incident out of the file of Schacht, which referred to his activity under Herr von Jung in 1915. That was referring to the fact that Schacht, who had come from the Dresdner Bank, had rendered an assistance which von Jung did not consider quite correct, and therefore he had dismissed Schacht at that time.

The Reich Government, however, did not mind that criticism which we had against Schacht, but Minister Severing stuck to the words, "It is not the wrost fruit which is eaten by worms," and Schacht was appointed president.

Q. So that Schacht came to you as President, and he must have known that the Directorate did not want him, or at least wanted somebody else. Therefore, I assume the question is in order as to what the relations were between that group of men, that is, the Reichs Bank Directorate, and the new President.

A. Schacht started in his office in January 1924. He called a meeting of all of us in which he spoke very frankly about the situation, and this was the substance of what he said:

"Now, you all have disapproved of me as President because I stole silver spoons, but now I am your President, and I hope that we will work together, and we will get everything straightened out."

That was the expression used by Schacht. "However, if the one or the other should not find himself able to comply and to cooperate with me, well,

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then he will have to assume the consequences, and I will gladly assist him to find another position."

Our relations to Schacht and our cooperation with him quickly showed itself very favorable. It was very good to work with Schacht. We recognized soon that he was a master in his and our field, and also in other respects his conduct was beyond reproach. He was clean, and there was no favoritism. He did not bring any favorites with him whom he wanted to sponsor. He also was a man who at all times tolerated controversy and differences of opinion, and even sponsored that. He did not appreciate assistants who were "yes men."

THE PRESIDENT: There is neither any charge nor any issue about this.

DR. DIX: That is quite correct, your Lordship, but I thought it would be helpful to touch these things, but we are now at the end, and will come to the Reichsbank presidency from 1933 on.

BY DR. DIX:

Q. After the ansence of Schacht in 1933, he again became President of the Reichsbank. Did you have any conversations with him about his relations

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to Hitler and to the Party at all?

A Yes.

Q Would you like to describe to the Tribunal what Schacht's statements were to you?

A First, I would like to recall two conversations which I remember almost literally. During the period when Schacht was not in office, about three years, I hardly ever saw him, maybe three or four times at occasions of the Wilhelmstift. He never visited me. Neither did I visit him, with the exception of one time. Schacht came into the bankmaybe he had some business there-- and he visited me in my office.

Q When was that?

A That must have been 1932, a comparatively short time after the seizu of power. We immediately came to speak about political questions and his relation to Hitler. I used that opportunity to warn Schacht seriously against Hitler and the Nazis. Schacht said to me, "Mr. Vocke, one has to give them a c chance, these people. If they are no good, they will disappear. They will be wiped away such as their predecessors were."

I told Schacht, "Yes, but it is also possible that the damage which will occur in the meantime for the German people will be so tremendous that it can never be repaired."

Schacht did not take that very seriously, and with a light remark, such a "You are an old pessimist or the like, he left."

The second conversation about which I want to report took place shortly after Schacht's re-entry into the Bank. That was probably during March 1933,or the beginning of April. Schacht at that time showed an ostentatious enthusiasm and I talked to him about his relation to the Party. I assumed that Schacht wa a member of the Party. I told him that I had not the intention to become a member of the Party, and Schacht said to me, "You don't have to. You are not supposed to. What do you think? I wouldn't think even in my dreams of becoming a member of the Party. What do you think? I should accept the Party Program, the Party discipline? And then, think of it, when I speak to Hitler I should click my heels and say 'Mein Fuehrer', or when I write to him 'Mein Fuehrer' that is quite out of the question for me. I am and remain a free man."

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That conversation and that statement by Schacht took place at a time when he was on the climax of his approach to Hitler, and many a time I thought about it, whether it was true, and remained true, that Schacht was a free man.

It was of course so that after a number of years Schacht had to taste the bitter experience that he had lost a great deal of his liberty, of his freedom that the financing of armament, which he had started, he could not stop at the moment when he desired to do so; and that it had become a chain in the hands of Hitler on which he could have filed for years until it broke.

But, in spite of that, that statement was true to the extent that it concerned the inner attitude of Schacht toward Hitler. Schacht never was a blind follower. It was incompatible with his character, with his nature, to sign himself over to somebody, or sell himself and be devoted blindly to somebody.

If one would like to characterize Schacht's relations, that he said "Fuehrer, your command, I follow; the Fuehrer commands to finance armament," he woul have said "I finance armament and the Fuehrer may decide to what use to put it, whether for peace or war." That was incompatible with Schacht's attitude and character. He was not a man who thought along Subaltern lines or who would thro away his liberty, and that distinguished Schacht fundamentally from a great man rather high political and military positions in Germany.

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Schacht's relation, such as I came to know it from his character and from his statements, I would like to describe in the following manner: Schacht admired the tremendous dynamism of that man, which he found in the national field, and he put that man on his account, and he hoped to find a tool in him for his own plans, Schacht's plans, for a peaceful political and economic reconstruction and strengthening of Germany. That is what Schacht thought and believed, and I take that from many statements made by Schacht.

Q That answers the question fully.

Now the Prosecution accuses Schacht that Hitler called just him, Schacht, to finance armament for an aggressive war. You, Mr. Vocke, were a member of the Reichsbank directorate and through out the years you have worked with him. Therefore, I ask you to tell the Tribunal whether, from conversations or observations of the activity and the work of Dr. Schacht, you could state anything which would justify such a reproach.

A No. Schacht has often emphasized that only a peaceful development could bring Germany back, and never have I heard an intimation made by him that he knew anything about war-like intentions of Hitler. I have tried to remember and have found in my memory three or four incidents which would answer that question quite clearly. I should like to bring them up in this connection.

The first was the 420,000,000 gold mark credit which was repaid in 1933. Luther, when the coverage by the Reichsbank was brought down---

DR. DIX: I may interrupt for the information of the Tribunal. Luther was a predecessor Schacht in office.

A In the year 1931 when we had to go below the coverage, Luther had sent me to England in his despair in order to acquire a large credit in gold from the Bank of England which would re-establish confidence in the Reichsbank. Governor Norman was quite prepared to help me, but he said that it would be necessary for that purpose also to approach the Federal Reserve Bank of New York, the Bank of France, and the International Bank in Basle. That happened, and the credit amounted to 420 million gold marks, but the inclusion of the Bank de France created political

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difficulties which delayed that credit for about ten or twelve days.

When I returned to Berlin, I was shocked to hear that the greatest part of the credit had already been used up. The gold was torn out of our hands, and I told Luther, "That credit has lost its usefulness, and we have to repay it immediately. Our honor is our last asset. The banks which have helped us shall not lose a single pfennig."

Luther did not have sufficient understanding for that, but he said, in substance, "What one has, one has. We do not know for what purpose we may still need that gold very urgently." And so that credit was carried through the years.

When Schacht came to the bank in 1933, I told myself, Schacht is going to understand this, and he understood me immediately, and he agreed with me immediately, without further hesitation, he repaid that credit. He had no other thought as to what purpose one could use that tremendous amount of gold, and I told myself that if Schacht had known of plans for a war, he would have been a fool to pay back

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the 420,000,000 of gold marks.

The second incident--and here I do not know the date anymore, but I believe in 1936. At that time, the Reichsbank received a letter from the Commander of the Army or the General Staff, Top Secret, with the request to list the gold reserves of the Reichsbank and to remove them from the areas at the edge of Germany to a zone in the interior. The reasons given were the following: In case of a threatening two front attack on Germany, the command of the Army was still determined to evacuate the outward areas and to limit itself to a central zone which had to be defended under all circumstances. I still remember from the map which was attacked to the letter that the line of defense in the east--

THE PRESIDENT: It seems to the Tribunal that this is very remote from any question we have to decide.

DR. DIX: Your Lordship, on that map which the witness wants to describe it can been seen clearly and beyond doubt that the attitude of the German High Command was a defensive attitude, and we can see from that information that nobody at that time even thought of aggressive intentions.

THE PRESIDENT: At what time?

DR. DIX: 1936. I only understood him to say-- Maybe he should say it himself concerning the date.

A I can not exactly say what the date was, but it must have been about 1936, in my estimation.

DR. DIX: I believe that it is quite relevant. May the witness continue?

THE PRESIDENT: Yes.

A The line of defense in the east went from Hof straight up to Stettin; The western line I can not remember quite clearly, but Baden and the Rhineland were outside of it.

The Reichsbank was shocked to hear about that and about the threat of a two front attack on Germany, about the tremendous sacrifice of German territory, and about the idea that the Reichs-

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bank, in the event of an occupation by the enemy, would have to leave these territories without any financial support. Therefore, we refused that request, but, so far as the gold was concerned, we placed it in Berlin, Munich, Nurnberg, and so on.

We could not have any doubt any more, however, after this top secret document, about the defensive character of our armaments and preparations.

I come to a third incident. That was in 1937. At that time Schacht, when the economy was running smoothly already but more and more money had to be put in, asked for the support of the German professors, national economists, and asked them to a meeting in order to make them cooperate in a creative way. On that occasion, a participant asked the question of Schacht, "What will happen if a ar breaks out?" Schacht got up and said, "Gentlemen, then we are through. Then all is over, and I should like you not to talk about this anymore because we could not speak about that now."

Now I come to the fourth incident, which also beyond doubt will show Schacht's attitude. That was a conversation immediately after the outbreak of the war during the first few days. Schacht, Huelse, Dreise, Schniewind and I met for a confidential conversation. The first thing that Schacht said was, "Gentlemen, that is a fraud such as the world has never seen before. The Poles have never received the German ultimatum. The newspapers are lying in order to deceive the German people. The Poles have been invaded, attacked. Henderson did not even receive the ultimetum, but only a short excerpt from the note and that orally. If at any time at the beginning of a war, the question of guilt was clear, then it is so in this case. That is a crime such as one can not think of a worse one."

Then Schacht continued, "What an act of insanity to start a war with a military power like Poland, which is led by the best French general staff officers. Our armament is no good. It is made without sense and plan. Money has just been wasted."

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Then Schacht received the answer, "But we have an air force, which is something." Schacht said, "The air force does not decide a war, but only the ground forces. We have no heavy cannon, no tanks; in three weeks the German armies in Poland will bog down, and then think of the coalition against us."

Those were Schacht's words, which made a deep impression on me, and which for me are a definite and clear answer to the question which Dr. Dix has put to me.

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Q Now, in the course of these years from '33 to '39, did Schacht ever speak to you about alleged or assumed war plans of Hitler?

A No, never.

Q What was Schacht's attitude to the thought of a war; did he ever mention that to you?

A Yes, of course, quite often. Schacht always emphasized that war destroys both the victor and the victim and, in his and our field, he emphasized the example of the victorious powers whose economy and currency had been devaluated. England had to devaluate its currency; in France there was a complete corruption of finances, not to speak of other powers, such as Belgium, Poland, Roumania, and Czechoslovakia.

Q Those were statements by Schacht?

A Yes, Schacht, whichhe made quite frequently. All the more, Schacht emphasized the situation in neutral countries. Schacht pointed out, again and again, "There will be conflicts and war again, but for Germany there is only one policy, absolute neutrality." And he brought up the example of Switzerland, Sweden, and so on, who by their neutral attitude had become rich and powerful, and Schacht also emphasized that strongly.

Q In that connection, you will understand my question, how can you explain then or, rather, how did Schacht explain to you that he at all financed armament?

A Schacht believed and was convinced that a certain amount of armament which existed in every country, in every nation of the world, was also necessary for Germany for political--

Q May I interrupt you. I want you to state only those facts which Schacht told you, not your opinions about what Schacht may have thought, but only what Schacht actually said to you.

A Yes. Schacht said, "A foreign policy without armament is impossible in a long run." Schacht also said, neutrality, which he demanded for Germany in case of conflict between large powers, had to be an armed neutrality. Schacht considered armament necessary because, otherwise, Germany would be continuously powerless among armed nations. He did not think of a certain

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definite attack from any side, but he said, "In every country there is a war party which may come to power today or tomorrow and a completely helpless Germany, surrounded by other nations, is impossible. It is, in fact, a danger for peace because it is an opportunity."

Finally, and mainly, Schacht saw in it the only possibility to revitalize German economy as a whole. The building industry, which is the backbone of economy, should be revitalized, and only in that way unemployment could be tackled.

Q In the course of events, it came to the remilitarization of the Rhineland, and did you have conversations with Schacht concerning the fact that this kind of policy of Hitler, such as it continued, could possibly lead to a war, at least an armed intervention by other nations which did not approve of such policies? Did you ever have such conversations; were there any such conversations between you and Schacht?

A Not in the sense of your question. Schacht did speak to me about the incidents at the occasion of the reoccupation of the Rhineland; and that is to say, he explained to me that at that time Hitler, as soon as France assumed a menacing attitude, was determined to withdraw his occupation forces; that Hitler was only stopped by von Neurath, who told me: "I was against that step but, after you've done it, you've got to stand for it." What Schacht told me at that time about Hitler's attitude was anything rather than that Hitler appeared to be eager for war. Schacht also felt, as he told me, that the friendship with Poland and Hitler's policy during the first years, also with respect to Alsace-Lorraine, were peaceful policies. Later, only, he had objections in foreign political respects.

Q What were Schacht's principles in the way of foreign policy and in connection with his attitude to Hitler's foreign policy?

A Definitely disapproving, of course, mainly since Ribbentrop had gained influence on foreign politics, in whom Schacht saw the most incapable and irresponsible advisor of Hitler, but before that already there were serious differences of opinion between Schacht and Hitler's foreign policies.

For instance, towards Russia, Schacht already during '28 and '29, had reconstructed his connections with Russia by long termed credits and he has often been attacked on account of it; but he said, "I know what I'm doing.

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I also know that the Russians are going to pay punctually and correctly. They have always done it." And Schacht was very angry and unhappy when the attacks of Hitler to that policy spoiled business with Russia and stopped it.

Concerning China, for instance, Schacht was convinced of the importance of business with China and was just about to develop it to a large extent when Hitler, by his choice of Japan and the withdrawal of German advisors to Chiang-Kai-Chek, here also destroyed all of Schacht's plans. Schacht saw a very serious and very fateful mistake in that and said that Japan would never be able or willing to substitute for the business with China.

The entire time Schacht was for close cooperation with the United States, with England, and with France. Schacht admired Roosevelt and he was proud that Roosevelt, through the diplomatic doctrine, was maintained in connection with him. Schacht was convinced of the necessity to maintain good relations, sound relations, with England and France, and just for that reason he seriously disapproved of the fact that Ribbentrop was sent to London.

Schacht was against Hitler's policy towards Italy. He knew that Mussolini didn't want to have anything to do with that, and he considered him the most unreliable and the weakest partner.

Concerning Austria, I only know that Schacht appreciated Dolfuss and heard about his murder with indignation. And then, after the occupation of Austria, he disapproved of much which happened there.

May I, in that connection, speak briefly about Schacht's colonial policy, which was a sort of hobby-horse of Schacht's and about which he once made a speech? I may illustrate Schacht's opinions by stating orders which I received from him. Schacht's ideas were to make an arrangement with the powers, England, France, and so on. To achieve that they should purchase part of the Portuguese colonies in Angola and give them to Germany for its economicuse, and

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he presents experts' opinions--

THE PRESIDENT: The Tribunal thinks that this is being given in far too great length.

BY DR. DIX:

Q Well, we can leave out the individual examples. The late Field-marshal Blomberg has made a statement to the effect that the Reichsbank received every year written information about the state of rearmament. Do you, who were a member of the directorate, know anything about this information?

A No, I have never heard anything about it.

Q On the basis of your entire experience in the Reichsbank and your experience about the attitude of Schacht to his assistants, do you consider it possible that Schacht personally received that information, but did not tell any of his assistants of the Reichsbank Directorate about it?

A At least I consider it highly improbable.

Q Now, when did Schacht start to try to stop armament financing and thereby rearmament; and, if he has tried it and if you can affirm it, what were his reasons?

A Schacht made the first attempts of the limitation of armament, I believe, around '36, when economy was running fully and further armament looked like a spiral without end. The Reichsbank was locked and, I believe, in '36, Schacht started with serious attempts to put an end to armament on his part.

Q And do you know from your own experience in what these attempts consisted?

A These attempts went on through the following years: First, Schacht tried to influence Hitler and had to find out that this was useless. His influence was decreasing as soon as he made any such attempt. He tried to find assistance among the ministries and, also, among the generals. He also tried to convince Goering, and he thought he had won him, but it did not work. Schacht has then fought for it and, finally, with success, that at first the Reichsbank credits for armament should stop, and that success occurred in the beginning of March, '38. But that did not mean that he

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discontinued his efforts to stop rearmament as such, but he continued with all means, also by means of sabotage.

In the year '38, he issued a loan for a date of maturity when he knew that the loan before that was not yet digested; that the banks were still full of it; and the amount of the new loan he anticipated so highly that a failure had to occur. And we waited to see whether his calculations were correct. We were happy when that failure was apparent, and Schacht told it to Hitler.

In the same manner he tried to sabotage armament, when the industries who wanted to take loans to increase their factories were prohibited to do so by Schacht and, therefore, stopped. But, also, the termination of the Reichsbank credit was not only a removal of the Reichsbank from armament affairs, but a serious blow to armament itself, as it could be seen in 1938, when financing proved to be extremely difficult in all fields and when Schacht was dismissed and resigned and had immediately returned to the direct credits of the issuing bank, which was the only means to maintain elastic credit, so-called indefinite credit, which Hitler needed and could never have received from Schacht.

I know that from my personal recollection because I protested against that law which was put to me, which Hitler issued after Schacht's dismissal, and I said "I am not going to have anything to do with it." Thereupon, I was immediately dismissed, ten days after the dismissal of Schacht.

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Q Now, Mr. Vocke, is there any reason that the stoppage of financing of armament may have been purely economical? Do you have any cause, or any reason, or experience to shw that Schacht was also afraid of the war and wanted to fight the possibility of a war by this stoppage of credit?

A . Yes, at any rate in 1938, the feeling that this tremendous continuation in armament would lead to war became stronger and stronger. Especially after the conference of Munich. In the meantime, Schacht knew only one more thing and that was to find out means against Hitler's armament in preparing for war. These means, of course, were not only financial, but of sabotage and so on, as I described beofre. In the end, there was only the memorandum in which Schacht declared his resignation.

Q About that we will speak later. May I ask you first -- the Tribunal knows about the memorandum so you don't have to say anything about that. What I want to ask you is how, in your opinion, the opinion of you as a lawyer, that the financing of armament by the MEFO draughts was kept down?

A The MEFO draughts and the connection of that organization had, of course, been examined before, and the question of legality hasbeen submitted to us, and the qestion as to whether that could be brought under the banking law, that question was examined. The more serious question, however, would have been whether these draughts were according to normal demands which a bank of issue should put to the portfolio and that question, of course, to that I answer No.

If one asks, why didn't the bank buy other papers by the MEFO draughts, the answer is that at that time there were no other papers on the market. -- That is, since the collapse on account of the pressure of the national economy. Already, in the spring, a means for the vitalization of the economy and credit had been restored, which followed a similar scheme -- that is, long term credits, because it wasput before the bank either to observe what would happen or to assist the Government in the vitalization with the speed of the armament as long as the bank could. And all banks of issue were also put to the same ultimatum and reacted in the same sense.

So, also, the armament draught had to serve the same purpose and that, on the point of view of currency policy, the protfolio of the Reichsbank which had been frozen by the depression was made good. All the draughts,

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the traditional ones, and the legal ones, of the bank, and the policies --

Q I believe, Mr. Vocke, it will be sufficient to the Tribunal that in the end the lawyers of the Reichsbank approved the administration of draughts and the details of that, if your logic agrees, we can leave out.

Now, we come to the aforementioned memorandum and you want to describe to the Tribunal the reasons which had caused the Reichsbank director to submit that memorandum to Hitler and what the tactical purposes were of that memorandum?

A If we could have spoken frankly, of course, we would have said we have to stop armament, but that was not the Reichsbank's business. We had to limit ourselves to the question of our responsibility for the currency, therefore, the memorandum of the Reichsbank came with the question of how much currency -- the continuation of our financing of armament would endanger German currency and bring about inflation.

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The memorandum also mentioned unlimited credits and expenses of credits, unlimited expenses of credits, and expenditures. The expenditures which we mean were for armament, that was quite clear.

THE PRESIDENT: We have all seen the memorandum, have we not?

DR. DIX: He is not speaking about the contents of the memorandum, but of the reason, the tactical reasons.

BY DR. DIX:

Q If you understand, the Tribunal knows the memorandum so please limit your testimony to the reasons of the memorandum.

A The memorandum had to concern not only currency, but at the same time, it demanded a limitation of foreign policy that shows clearly what we wanted to do in the limitation of our expenditures and limits of foreign political armament. We have pointed out that expenditures had reached a measure which could not be continued and that they had to be stopped. In other words, a red light had to be shown to the armament policies of the Reich.

Q Now tell us, did you anticipate the consequences of that memorandum to Hitler? What did you expect, tactically?

A Whether the memorandum had to lead to it, that that stoppage of expenditures which had brought us to ruin had to be effected, because at the end of the year 1938 there was no more money available, but only a deficit of nearly one billion dollars. That had to be understood and the finance minister was on our side, and if they did not recognize that it had to come to a break and we were dismissed. There was no other alternative. It would have come to the unusual stage. It came to the unusual stage that the entire memorandum. . .

Q That, in my experience, is quite unusual because generally an official memorandum of the Reichsbank is signed by the President or his deputy, is it not?

A That is true. We wanted to emphasize the opinion of the entire directorate and express it with that document to end rearmament.

Q Do you have any reason to show that Hitler recognized that fact?

A Yes, Hitler used the word such as that would be mutiny. I believe in the Army, I never said in the Army, but I believe that a thing like that in the Army would be considered mutiny if it is signed by severalpeople. Such things happen.

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Q But you were not there. Who told you about that expression?

A I don't remember that any more. I believe it was Mr. Berger of the Finance Ministry.

Q So, in other words, there was talk about it in circles of the Ministry

A Yes.

Q Now, in that memorandum, there was also contained a compliment for Hitler, a reference to his foreign political successes.

A Yes, Schacht had accepted the habit to flatter Hitler--to use flattery. In the same measure Schacht became a definite opponent of the Government. He used flattery, therefore, in that manner. In the beginning, where he spoke of the successes of Hitler he also used those tactics.

Q And what was the consequence of that memorandum? Please tell us briefly.

A The result was that first Schacht went his way and then I was dismissed. The results, however, were at the same time that one knew abroad what it had come to in Germany. My colleague Huelse had made statements in Basle saying that if we would be dismissed our friends would know how far it would have come.

Q Did Huelse tell you that?

A Yes, Huelse told me that.

DR. DIX: Your Lordship, shall we make a short pause here?

THE PRESIDENT: How much longer do you think you will take before you finish?

DR. DIX: It is very short. The documents will be very short. Shall I continue?

THE PRESIDENT: The Tribunal will recess.

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BY DR. DIX:

Q Now, Mr. Vocke, you have described to the Tribunal how that dismissal of Schacht came about. Why did Schacht not do that before? Did he talk to you about it?

A No. Throughout the years 1936 and 1937 we could not make up our minds. At first there was still hope that Hitler could develop himself in a reasonable direction as a statesman, and finally, in 1938, the serious, objectionable moments came, particularly in connection with the Munich conference and then after the Munich conference. Then, indeed, there was serious fear that it would come to a war, and at that time we saw that we had to force the issue.

However, one has to consider the following: As a bank we could not come with political or military arguments or demands, which were not within our competence. The element of inflation, which we mentioned as menacing in that memorandum, had only appeared in the course of the year 1938, and the currency circulation had increased seriously during the last months, more seriously than throughout the five years before.

Q So that during that year you found a cause to jump?

A Yes.

Q Now a general question, which will explain the conclusion--and the high intelligence of Dr. Schacht is not disputed--that he was deceived and disappointed, as he himself says. And you yourself probably, on the basis of your knowledge of the personality of Schacht, had thoughts of your own as to how that deception or disappointment of Schacht could be explained. Therefore, if the Tribunal permits, I will be grateful if you could give us your personal impressions about that.

MR. JUSTICE JACKSON: Your Honor, may I make an objection? I don't understand how the operations of Mr.

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Schacht's mind can be explained by someone else. I have had no objection to any facts which this witness has known. We have even let them detail here at great length private conversations. However, speculation on Schacht's mental operations, it seems to me, is beyond the pale of probative evidence.

THE PRESIDENT: Dr. Dix, as I think I have said before, you can't give, by one witness, the thoughts of another man; you can only give his acts and his statements.

DR. DIX: Yes, Your Lordship. When I thought of the question I said "if the Tribunal permits". I recognized the question of admissibility.

THE PRESIDENT: Yes; the Tribunal does not allow the question.

DR. DIX: Then we will leave that question. May I ask your Lordship this, then? Of course, I can still put questions about the treatment of the Jews by Schacht.

However, I personally believe that that chapter has been exhaustively dealt with, so that it is not necessary for this witness to give us more examples of the attitude of Schacht. I would only ask to be permitted to put the same question concerning the Free Masons, because nothing has been stated about that.

BY DR. DIX:

Q Do you know anything about the treatment of Free Masons, or the attitude of Schacht to Free Masons?

A Yes. The Government and the Party demanded that the Free Masons should be removed from office. Schacht said: "I don't let anybody tell me what to do. Everybody knows that I myself am a Free Mason; how can I proceed against employees for the reason that they belong to the order of Free Masons?" And as long as Schacht was in office he kept Free Masons and promoted them.

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Q Now, one last question. Do you have any knowledge of the fact that Schacht had economic advantages during the Hitler era beyond his regular income as an official?

A No; that was quite out of the question for Schacht. Besides, donations have never been offered to him. In every respect, so far as money was concerned, he was absolutely clean and correct. I can give examples, such as, for instance, when h left, he reduced his pension to less than half, below the pension of vice-presidents. He said, "These people have worked all thei lives in the bank, and I only gave a few years of service." I could give more examples of Schacht's absolute correctness in that respect.

DR. DIX: I believe, if the Tribunal does not desire to hear it, that will not be necessary.

That brings me to the end of my interrogation of this witness.

THE PRESIDENT: Does any member of defendants' counsel wish to ask any questions?

BY DR. STEINBAUER (Counsel for the defendant Seyss-Inquart):

Q Witness, do you remember the financial-political measu at the occasion of the annexation of Austria in March of 1938; that is to say, in general terms?

A Yes, a few.

Q At that time two laws were issued, both of 17 March 1938, one concerning the conversion of shillings into marks, and the other one to take over the Austrian National Bank by the Reichsbank.

Dr. Schacht, as a witness, stated yesterday that on the 11t of March he had been asked what exchange rate, in the event one would march into Austria, he would consider correct; and he answered that question by saying that according to the last rat at the stock exchange, two shillings for one mark would be correct.

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After the Anschluss, my client, Dr. Seyss-Inquart objected to the under-valuation of the shilling, and he achieved the result that a rate of one-fifth was established. Is that correct

A Before the march into Austria, I did not hear of any relation or exchange rate. The Reichsbank Directorate dealt with that question only after the march into Austria, and it proposed the relation which was according to conditions, and there was only a slight difference. It was the job of the Government, which, in order to buy the favor of the Austrian population, wanted to make them a present.

H0122-0087

Q. The second law deals with the Austrian National Bank. The witness, Dr. Schacht, has said today that the Austrian National Bank was not liquidated, but --- as he expressed himself -- amalgamated. I looked up that law and it states expressly in paragraph 2 that the Austrian National Bank is to be liquidated. That is 2312-PS. Now, I ask you, Witness, do you know anything about it? Was the Austrian National Bank, as bank of issue, left functioning or was it liquidated?

A. The right of issue, of course, fell to the Reichsbank which, as far as I know, took over the Austrian National Bank in Vienna, and I don't know any details. May colleague, Kesnik took care of it.

Q. But maybe you will remember if approximately if I quote you from the official reports of the Austrian National Bank that the gold reserve of the Austrian National Bank in March, 1938, amounted to 243 million schillings -- in the hands of the banks. That is about 400 million schillings gold value taken over by the Reichsbank from the Austrian National Bank.

A. I don't recall these facts any more, but if it was done, it was done by law, by the government.

Q. Yes. I have that law of the 17th of March. I just wanted to correct it and to point out that Schacht must have made a mistake unintentionally. In fact, it says in the law, which was signed, "shall be liquidated." I have no other questions.

BY DR. LATERNSER (Counsel for General Staff and OKW).

Q. Witness, you have said before that Dr. Schacht was to be distinguished from high military leaders because he remained a free man toward the regime. I wanted to ask you now concerning that, since that statement includes a judgment of high military leaders. Which high military leaders do you know personally?

A. Not a single one.

Q. Then would you maintain that judgment?

A. In all circles of the Reichsbank General Keitel and other gentlemen were considered too servile and too soft toward Hitler.

Q. But if you had no personal knowledge of these personal acquaintances,

H0122-0088

don't you think this is a rather serious judgement to make, such as you have made?

A. I believe so, yes.

DR. LATERNSER: I have no further questions.

THE PRESIDENT: Do any of the other Counsel wish to cross-examine?

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CROSS-EXAMINATION

BY MR. JUSTICE JACKSON:

Q. Witness, when you met Dr. Schacht first, as I understand it, it was on the occasion of an official visit which you paid to von LUMM in Brussels?

A. Yes.

Q. In the first years of the First World War?

A. Yes.

Q. Schacht then held some position on von Lumm's staff?

A. Yes.

Q. What was Schacht's position?

A. I cannot say that. He was just one of the staff. I did not have anything further to do with him except that von Lumm, when I was sent to Brussels one time, in order to discuss something with Lumm, took the opportunity to present his assistants, and among them was also Schacht. That was just the time I met him.

Q. And what was von Lumm's position? What was he doing in Brussels?

A. He was Commissioner for Banking, with the General Command.

Q. General Command under the German Army?

A. Bank Commissioner, Commissioner for the Banks -- of the Occupation --

Q. Named by Germany.

A. Without doubt.

Q. Well, he was a German, not a Belgian.

A. Yes, he was a German.

Q. Now, some time after that Schacht was idsmissed by von Lumm, was he not?

A. Yes.

Q. And you had a discussion with von Lumm about that and also one with

H0122 - 0089

Schacht about it, did you not?

Q. Tell me whether you had the visit --

A. I read the official reports about the dismissal of Schacht in Berlin. I worked in the Reich Office of the Interior, and with Schacht I have only spoken about these things at the time when he became Reichsbank President and one day spoke about it.

Q. Now, before Schacht went on the staff of von Lumm, he was director of the Dresdner Bank.

A. Yes.

Q. And the dismissal was because Schacht had delivered to that bank a considerable amount of Belgian francs.

A. Yes. I don't know how large that amount was.

Q. But it was considerable.

A. Maybe.

Q. And that, von Lumm thought, gave to the Dresdner Bank an advantage which was incompatible with Schacht's duties as a public official?

A. That, at any rate, was von Lumm's impression, from a very severe point of view, and Schacht did not have that point of view.

Q. And von Lumm called a meeting and reproached Schacht?

A. Yes.

Q. And Schacht then gave an answer to von Lumm which von Lumm considered was not sincere but was merely a lie?

A. Yes. That was von Lumm's point of view.

H0122-0090

Q Now, that is what von Lumm told you about.

A That was in the written report which I have read.

THE PRESIDENT: The Russian translation isn't coming through.

(A short pause.)

Is it all right now?

(The trial proceeded.)

Q Now, when you came to talk to Schacht about it and about his answer to von Lumm, Schacht told you that it was perhaps not a quite open answer but not a lie?

A Yes.

Q However, having heard both sides of it, you along with all of the other directors of the Reichsbank were opposed to Schacht's appointment as President, as you have testified.

A Yes.

Q And you took the view, along with all of the other directors, that the behavior of Dr. Schacht in the Belgian bank affair was not quite fair and not quite correct.

A Yes.

Q Now, when Dr. Schacht came back to the Reichsbank under the Nazi regime, as I understand it, there was a good deal of resentment and reserve -- or coolness -- towards him on the part of the Reichsbank directorium, because he "in our eyes then was a Nazi. He was in close touch with Hitler and kept some things secret from us, his colleagues." That is correct, Is it not?

A I could not say that. Indeed, there was a sentiment against Schacht, as I have explained before, since I had assumed -- though we were wrong about it -- that he was a Nazi. But whether Schacht kept things secret from us, it is possibl but I don't know it.

Q Now, didn't you say in a statement that he was in close touch with Hitler and kept some things secret from "us, his colleagues"?

A I don't know whether he kept things secret from us. It is possible, but I could not prove it.

Q Is it not true that years later you said, when already fatal moments were reached in our currencies system, circulation, price and wages system. "rumors c came to our ears through semi-official channels that Dr. Schacht had given Hitler this promise to finance armaments"? Did you not say that?

H0122-0091

A That Schacht had given the promise to Hitler? Well, in certain circles there were rumors of that nature. Whether it is true, I could not say.

Q Now, you felt after the Munich Agreement and after Hitler's speech at Sauerbrucken that destroyed all hopes of peace, did you not?

A Yes.

Q And from that date, together with Pilseck, you did all in your power to persuade Schacht that a decision had to be forced?

A Yes.

Q Dr. Schacht agreed with you but hesitated to take the decisive step?

A Yes. He said not to the fact that Schacht objected, but the date at which our memorandum should be submitted; he would have reserved the right for him to determine that date, and each one of us had definite wishes for corrections and additions. It took from October until the 7th of January until the memorandum was really sent out.

Q The agreement was prepared by you and Pilseck?

A Yes.

Q And you approached Dr. Schacht again on it?

A Yes.

Q And he kept the draft all of this time and told you that he was in doubt about the best moment to bring it before Hitler?

A Yes.

Q And it was not until Hitler refused to see him at Berchtesgaden that he finally sent that memorandum?

A That I don't know. I hear here for the first time that Hitler refused to receive Schacht in Berchtesgaden. It may be. I only heard that Schacht was at Berchtesgaden and after his return, according to my recollection, he talked about his meeting with Hitler and that now the moment had come to send him the memorandum

H0122-0092



Q Well, your memorandum is the only source of my information, and according to my translation it says:

"Finally, in December 1938, he resolved to sign it after a last try to speak with Hitler in Bercgtesgaden."

A Yes.

Q At that time, there was something of a financial crisis.

A Oh, yes.

Q Considerable difficulty; inflation was just around the corner, as you might say.

A The Government was confronted with the maturity of the 3 billion Mefo bills which had to be covered, and there was a deficit of 1 billion, and the Finance Minister came to see us and asked us to bridge that difficulty because otherwise, on the 1st of January, he could not pay the salaries. We refused. We did not give him a single pfennig, and we told him nothing better could happen than that bankruptcy would be manifested by the possibility of continuing that system and rearmament. He received money from private banks.

Q And you and Huelse, particularly Huelse, had long warned against this course of the Reichsbank, is that not true?

A No, that is not true.

Q You and Huelse, long before this, warned that this Mefo business would end up in trouble.

A Of course, the Reichsbank for years fought against the Mefo grants, which in March 1938 were to mature, and from then on the Reichsbank did not give any armament credits anymore.

Q Now, after his dismissal from the Reichsbank, did you frequently discuss it with Schacht and find he had turned very bitterly against the Government?

A I did not have frequent meetings with Schacht, but every so often, every few months in the beginning, and then later on I saw him only once or twice in a long time. But Schacht, not only after his dismissal but at least throughou the entire year 1938, had become a bitter enemy of Hitler.

H0122 - 0093

Q And you said, "In his heart he hopes, I think, he would be called after Hitler's defeat to help for a new and better order of things in Germany."

A Certainly. Schacht in Guehlem spoke to me about the men who would have to come after Hitler would be overthrown, and in conversation we mentioned ministers who then could save Germany from despair, and Schacht was certain that he also would be called to assist.

MR. JUSTICE JACKSON: No further questions, your Honor.

THE PRESIDENT: Do any of the other Prosecution want to cross examine?

RE-DIRECT EXAMINATION

BY DR. DIX:

Q Mr. Vocke, in reply to the question of Justice Jackson, you have explained the attitude and the statement of Herr von Lumm about the incident in Brussels. You also told the Tribunal the statement by Minister Severin, which he made about that incident not so long ago.

A Yes.

Q Didn't you also speak to the Reich Court President, Simons, who was at that time in the Foreign Office and knew the case very well? Didn't you speak to him about that case?

A Yes, I spoke to him and Ministerial Director Lewelt.

Q You will have to tell the Tribunal who Lewelt was.

A It is correct that I spoke to the later Reich Court President Simons andthe later Under Secretary of State in the Ministry of the Interior. I spoke about the thing which came to my knowledge officially.

Both gentlemen mentioned the attitude of von Lumm who used to make big things out of trifles, and they smiled about it, and also about the misfortune of Mr. Schacht. They smiled benevolently and they called the whole thing a tremendous exaggeration.

DR. DIX: I thank you. That is all. I have no further questions.

However, if the Tribunal will permit me, I should like to state that according to my recollection, Schacht mentioned here that on 2 January 1939 he spoke to Hitler. I don't know whether I am confusing that with a

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statement made by a witness or with a statement he has made to me. I just wanted to point it out. If he were still sitting here as a witness, he could tell us about it.

Your Lordship, I bring that up because it was stated by Justice Jackson that Hitler had not received Schacht, and that that would have caused the decision of Schacht to present that memorandum. This witness here cannot know it, but Schacht saw Hitler, spoke to Hitler, and if he hasn't said that this morning or yesterday, he can say it at any time.

H0122 - 0095



Sometimes one confuses these things, the recollection of private information with what one has heard in the courtroom.

THE PRESIDENT: Put the microphone where the defendant Schacht can speak from there and ask him the question.

DR.DIX: You have witnessed the cross examination. Would you like to tell the Tribunal?

DEFENDANT SCHACHT: When I spoke here, I said that I had a long conversation on the 2nd of January 1939 with Hitler at Berchtesgaden at the Obersalzberg and that after that conversation in which I spoke of inflation, I considered that that the time had come to take that step which the Reichsbank undertook, to separate itself from Hitler and his methods.

BY THE PRESIDENT:

Q There is one question I want to ask you. Did the defendant Schacht ever tell you that he had been appointed General Plenipotentiary for War Economy

A Yes.

Q When?

A Well, I believe that he was appointed to that office in 1935. I believe that is when; I couldn't say it for sure.

Q I didn't ask you when he was appointed. I asked you when he told you.

A I don't know that any more because we had nothing to do with these things. I only know that in approximately '35 or '36 -- I believe, rather, '35 -- he received such an appointment.

Q Yes. The question I asked you was: Did the defendant Schacht ever tell you that he had been appointed?

A Yes.

Q When did he tell you?

THE PRESIDENT: The witness can retire.

DR. DIX: May I put a question in this connection?

BY DR. DIX:

Q Did you have any impression, any idea, of the importance of that office

A No. I never heard that Schacht had done anything in that function. His activity in the Reichsbank continued in the same was as previously, without his selecting a staff, a special staff for that office, and without -- at least, ac-

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cording to my knowledge -- his using the offices of the Reichsbank for the functions of the Reichsbank for that.

Q Do you have any knowledge as to whether he had a separate office or a separate staff for that activity as General Plenipotentiary?

A You mean General Commissioner for Armament?

Q General Plenipotentiary for War Economy.

A No, he had no separate office, and as I have said before, as far as I know he never had a staff.

THE PRESIDENT: The witness can retire.

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DR. DIX: May I begin with my documents? The presentation of documents, I can make very brief and I am sure that I will conclude it before the end of the session because I had an opportunity to submit a large portion of my documents during the interrogation of witnesses. Generally, may I express the request to the Tribunal to take in evidence and to take judicial notice of whativer I have not read and what I am not going to read. In that connection, I should like to point out that the entire contents of my document book with one exception, have either been submitted or will be submitted now. The exception, the document which has not been submitted, is exhibit 32. That is the frequently mentioned article of the Basler News, of the 14th of January 1946, Exhibit 32, which for the reasons mentioned yesterday, has not been submitted by me and which I am not going to submit therefor.

I come now to volume one of my document book, those of the exhibits which have not been submitted yet; that is, first exhibit No. 5. The Reichstag speech of Adolf Hitler of the 23rd of May 1933. That exhibit was read by Schacht in the course of his interrogation and is now being submitted.

I further submit Exhibit 23, the letter from Schacht to Goering, of the 30th November 1942. Though that letter was already submitted by the prosecution, we submit it again, and for the following reasons: In the copy which wassubmitted by the prosecution, the date and the year was left out and, of course, also, in our copy, about a remark by Professor Kraus on the basis of the testimony made by Schacht and we have marked on it so that it must be the letter of 30th November 1942, because it is actually the letter which caused the dismissal. It is only submitted in order to facilitate for theTribunal, to find thedate. That was Exhibit 23.

Then I wish to submit Exhibit 27. I am not going to read it. I just want to have judicial notice taken of it. That is theaddress of Dr. Schacht at the celebfation meeting of the Reich Economic Chamber, of January, 1937.

Then I submit Exhibit 29, excerpts from the book by Giscvius, which we want to put into evidence and I ask you to take judicial notice. I will not read anything.

Exhibit No. 33, and in my document book is a letter by Morton, a former citizen of Frankfurt on Main, who emigrated to England, a well-reputed

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man who was in Frankfurt before, and the letter is directed to the Treasury Solicitor, and we have received it here from the Prosecution. I also ask that judicial notice be taken of its contents and want to read only one sentence on the last page. I quote: "The last heard from Schacht was indirect. In 1939 before the outbreak of the War, Lord Norman (then Mr. Montague Norman, Governor of the Bank of England), told me confidentially that he had just come back from Baslo where he had met Schacht who sent me his greetings. Lord Norman told me than that Schacht (who had returned from Baslo to German) was in great personal danger as he was very much in disgrace with the Nazis." That concludes volume one of my document book andI pass on to volume two which begins with the affidavit. I have to go through the individual affidavits but I shall not read any.

The first Exhibit is No. 34, which has frequently been quoted, the affidavit, and sworn testimony of the Banker and Swedish Consul General Schniewind at Munich at the time. It is a very instructive and very exhaustive affidavit and in order to save time, there are eight passages which would take up much time and I will only consider what I have read already from this affidavit and for the rest, I ask the Tribunal to take judicial notice. It has already been submitted, but I still have to submit Exhibit 35. I beg your pardon, but that has been submitted before. That is the affidavit of Dr. Franz Reuter. I submitted it before when I read the passage about the tendency, about the biography. Of the rest, I ask you to take judicial notice, the rest of this affidavit.

The next one, Exhibit 36, is a sworn affidavit of Oberregierungsrat, Dr. von Scherpenberg, formerly legation counsellor at the Legation in Germany, and the German office, and now at the Ministry of Justice at Munich, the son-in-law of Dr. Schacht. I read a passage and of the remainder, I ask you to take judicial notice.

The next one Exhibit 37-A. It has been submitted. There, also, is a passage, 154 of the German text, about the warning signal of the fact of the resignation of Schacht as Reichsbank president and of the balance, I ask you to take judicial notice.

The next affidavit, by the same gentleman, who was also an assistant of Dr. Schacht in the Reichsbank Directorate at the same date as the witness

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we have just heard, Vocke. I don't have to read anything. I just ask you to take judicial notice of its contents.

The next affidavit, 37-C, of the same gentleman, has already been submitted. I ask you to take judicial notice of its contents. I do not have to read anything.

The next is Exhibit 38, an affidavit of General Thomas. That has not been submitted yet and I submit it hereiwt h and ask to be permitted to read one passage, beginnin g on the first page. That is the English page 172 and 164 of the German text.

"Question: Schacht claims to have influenced Blomberg to retard rearmament. Can you give information on this matter? When was it?

"Answer: I was chief of the Army Economic Staff or of the Army Economic and Armament Office of the Supreme Command of the Wehrmacht (OKW) from 1934 to the time of my dismissal on January 1943; In this capacity I had connections with the Reich Minister for Economics and Reich Bank President Hjalmar Schacht. Undoubtedly until 1936 Schacht promoted rearmament by making available the necessary means. From 1936 on he used every opportunity to influence Blomberg to reduce the tempo and extent of the armament. His reasons were as follows:

"1. Risk to the currency.

"2. Insufficient production of consumer goods.

"3. The danger to foreign policy which Schacht saw in excessive armament for Germany. The last point frequently caused him to indicate repeatedly to Blomberg and me that by no means must the armament lead to a new war. There were also the reasons which led him to threaten Blomberg with resignation in 1936 and again in 1937. Both times I was delegated by Blomberg to influence Schacht not to carry out his threat of resignation. I was present during the conference between Blomberg and Schacht in 1937." Of the remainder of that affidavit by General Thomas, I ask you to take judicial notice.

The next Exhibit 39 has also been read in parts; that is to say, the part Schacht played in the incident of the 20th of July in connection with General Lindemann--an affidavit by Colonel Hans Gronau, and of the remainder, I ask theTribunal to take judicial notice.

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The same applies to the next Exhibit 40. That is a sworn statement, also by an assistant and collaborator of Schacht in the Finance Ministry, Dr. Asmis, concerning the happenings at the occasion of the dismissal of the Minister of Economics; a part of the remainder has been read, and I ask you to take judicial notice.

Then we come to Exhibit 41, which is the affidavit by State Secretary in retirement, Christian Schmidt. I have not read anyting and I ask to be permitted to read two passages.

H0122-0101

The first one is on the German text page 182; 190 of the English text:

"When the Bruenig Cabinet, which had been arranged by General von Schleicher" -- That is not correct. I think that should be different, but that isn't essential. -- "when that was torpedoed by Schleicher himself, Schacht considered the early appointment of Hitler as head of the Government to be unavoidable. He pointed out that the great mass of the German people said yes to National Socialism, and that the left as well as the center had come to a state of complete passive resignation. The short life of transition cabinets of Papen and Schleicher was clear to him from the very beginning.

"Schacht decisively advocated cooperation of men of experience in their fields with National Socialism without accepting its program as a whole, which he always referred to ironically, and later frequently called it a really bestial ideology, when talking to me; But he held that the influencing of developments from important inner-power positions was an absolute patriotic duty, and he strongly condemned emigrations and the flight to sulking corners."

And then on page 184 of the German text, 192 of the English text, two very short passages:

"I recall numerous talks with Dr. Schacht in which he stated that the war was an economic impossibility, and simply crazy. Thus, for instance, in the house of Dr. Fritz Tiesen in Muehlheim, who closely associated with Goering and Hitler before 1933, was in strong opposition since 1934, and who also fought against every thought of war as madness."

And, then, further down on the same page, only one sentence:

"The Himmler-Rosenberg Lebensraum plans against Russia were quoted by Schacht to be as an example, and ironically referred to as an example of the thoughts of Party ideas. His hobby horse was an understanding with England," and so on; and I ask you to take judicial notice of the remainder of the document.

H0122-0102

The same applies to Exhibit 42 as a whole, an affidavit by subsequent director of the Upper Silesian Coke Works.

Now I come to Exhibit 43. That has already been submitted and read in part. It is the correspondence between the publisher of Ambassador Dodd's diary and Sir Neville Henderson. I ask you to take jucicial notice of the part not yet read, and whatever comes after Exhibit 43 has been submitted. I ask you to take judicial notice of its contents, and I forego the reading of it.

That brings me to the end of my presentation in the case of Schacht.

THE PRESIDENT: Now the Tribunal will continue the case against the defendant Funk;

DR. SAUTER (Counsel for Funk) Mr. President, with your permission, I call first the defendant Dr. Funk himself into the witness box.

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WALTER EMANUEL FUNK, a witness, took the stand and testified as follows:

BY THE PRESIDENT:

Q Will you state your full name, please?

A Walter Emanuel Funk.

Q Will you repeat this oath after me:

I swear by God, the Almighty and Omniscient, that I will speak the pure truth and will withhold and add nothing.

(The witness repeated the oath.)

THE PRESIDENT: You may sit down.

DIRECT EXAMINATION

DR. SAUTER: Mr. President, may I begin with one sentence: The defendant Funk has been a sick man for many years now, and before he came into the prison he had been in the hospital for some time. He was supposed to undergo an operation, which, however, due to conditions at the time, could not be carried out. He still is under medical supervision, medical

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treatment at this time.

In consideration of that fact and because the defendant under all circumstances wants to make his own defense as short as possible, I shall put only those questions to the defendant which are absolutely necessary so as to give you a clear picture about his person and his activities.

BY DR. SAUTER:

Q Witness, when were you born?

A On the 18th of August 1890.

Q So you are now 56.

A Yes.

Q First, I want to put you the most important dates of your life, and to simplify matters you can only answer with yes or no.

You are 56 years old. You were born in East Prussia.

A Yes.

Q You come from a merchant's family in Koenigsberg.

A Yes.

Q Then you studied in Berlin at the Univers ity, law and political science, literature and music. You also came from a family which has produced a number of artists.

A Yes.

Q During the World War you were first in the Infantry, and in the year 1916, on account of a bladder ailment, you became an editor with large newspapers, and you told me that for a long time you couldn't make up your mind as to whether you should become a musician or a journalist. Then you decided for the latter, and in 1922, I believe, you became editor-in-chief of the "Berliner Boersenzeitung." Is that all correct?

A Yes.

Q Now maybe you will tell us what were the political tendencies of that paper for which you worked for about ten years as editor-in-chief.

H0122-0104



A The tendency of the paper was Prussia National. The newspaper was not tied up with any party. It was owned by an old publisher's family at Berlin.

Q What was the attitude of that paper, before your entry into the editor's office, to the Jewish question?

A Absolutely neutral. They didn't even deal with the Jewish question.

Q From an affidavit by Dr. Schacht, I have seen that at that time--that is to say, during the '20's--you moved in circles where there were also Jews, and where frequent discussions were held about questions of economic matters, such as gold currency, and so forth. Is that correct?

A I don't know anything about that circle.

Q Dr. Schacht has asserted that in an affidavit of the 7th of July 1945, PS-3936.

A I had much to do with Jews. That was in the nature of my profession. Every day at the stock exchange I was together with 4,000 Jews.

Q Then in 1931 you resigned from your pose as editor-in-chief?

A Yes.

Q What were the reasons for that?

A I was convinced that the National Socialist Party would come to power in the Government, and I felt that it was up to me to express my own political and economic opinions within the Party.

Q Would you like to explain a little more in detail what kind of opinions you had, Dr. Funk, especially concerning the questions of clashes between parties, between classes, and so on?

A The German nation at that time was in great need, spiritually as well as materially. The people by the struggle of parties and classes was torn apart. The Government, or rather the Governments, had no authority. The parliamentary

H0122-0105

system was out, and I myself, 10 or 12 years before that, had protested and fought publicly against the burdens of tribute of Versailles, because I was of the conviction that these tributes were the primary cause for the economic bankruptcy of Germany.

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I, myself, have fought all my life for private enterprise, private economy, because I was convinced that the idea of private enterprise is connected with the idea of the difference of capacities and capabilities of individual human beings. I have fought for the right of free enterprise, free initiative, for a free competition, and, at that time in particular, for the removal of that wild struggle of classes, and for the re-establishment of a social national community on the basis of the industrial community.

All those were ideas for which I found a strong echo in conversations, particularly, with Gregor Strasser.

Q Who was Gregor Strasser, would you tell the Tribunal briefly?

A Gregor Strasser at that time was the leader of the party organization of the National Socialist Party and was generally considered to be the second man of Adolf Hitler.

THE PRESIDENT: This is the time to break off.

(The Tribunal adjourned until 4 May 1946, at 1000 hours.)